The CREDIT WORLD

National Retail Credit Association

19th ANNUAL CONVENTION

St. Louis « June 16-19

The spirit of convention time is in the air—June 15th approaches with the stimulating thought of good times to be had, old friendships to be renewed and business problems to be threshed out.

Convention committees have been busy for weeks with an enthusiasm that increases with each successive meeting.

The glorious 15th will suddenly break with riotous St. Louis welcome for credit men and women from all over the United States and Canada.

Monday the 15th, that is the day you are expected to arrive, because the big "get acquainted" party on the river boat J. S. is scheduled for Monday evening, June 15th.

With swish-splash of paddle, clang of bell and puff of steam, the stately river boat will glide out upon the bosom of the Mississippi, "The Father of Waters," at 8:00 p. m. sharp.

As "Captain Andy" would say, "Just one big happy family," of credit men and women, laughing and chatting together under the moonlight with a soothing background of romantic southern music.

Be sure to arrive in time for this "get acquainted" party Monday evening.

PRE-CONVENTION NUMBER

MAY, 1931

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CHANGE OF ADDRESS: A request for change of address must reach us at least one month before date of the issue with which it is to take effect. Duplicate copies cannot be sent without charge to replace those undelivered through failure to send this advance notice. With your new address it is absolutely essential that you also send us your old one. Entered as second-class matter at the post office at St. Louis, Mo., under the Act of March 3, 1879. Published monthly at 1218 Olive Street, St. Louis, Mo. Subscription, $2.00.

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NATIONAL RETAIL CRED SSO

Organization Meeting—August 15-16, 1912, Spokane, Wash. S. L. Gilfillan, Minneapolis, presiding.

A group of twelve credit managers attending the annual convention of the National Association of Mercantile Agencies organized the Retail Credit Men's National Association, electing Sherman L. Gilfillan, credit manager of L. S. Donaldson Company, Minneapolis, Minn., president, and O. R. Parker, Minneapolis, secretary.

The meeting was held in a small room in the Davenport Hotel and a bronze tablet has been installed in the New Davenport Hotel telling the story.

First Annual Convention—August 16-17, 1913, Rochester, N. Y. S. L. Gilfillan, Minneapolis, presiding.

The first convention of the association was held in conjunction with the convention of the mercantile agencies and at this time the association had grown to twenty-five members. Mr. Gilfillan was re-elected president.

Second Annual Convention—August 18-19, 1914, St. Louis, Mo. S. L. Gilfillan, Minneapolis, presiding.

Twenty-seven members attended this meeting, the total membership at this time being about two hundred. The St. Louis local association of twenty members joined in a body, being the largest single city group. D. J. Woodlock, credit manager of B. Nugent & Bros. Dry Goods Company, St. Louis, was elected president; H. B. Richmond, Los Angeles, secretary, and R. H. Poindexter, Nashville, Tenn., treasurer.

Third Annual Convention—August 19-20, 1915, Duluth, Minn. D. J. Woodlock, St. Louis, presiding.

The membership had now grown to 850 and over one hundred members attended. D. J. Woodlock of St. Louis was re-elected president.

Fourth Annual Convention—August 20-21, 1916, Omaha, Nebr. D. J. Woodlock, St. Louis, presiding.

Membership at this time 985; over one hundred attended; an interesting convention. H. Victor Wright, Los Angeles, was elected president.

Fifth Annual Convention—August 15-17, 1917, Cleveland, Ohio. H. Victor Wright, presiding.

This was one of the outstanding conventions of our association, 250 attending. Much discussion regarding mechanical bookkeeping machines, credit bureaus and pay prompt advertising. The meeting was addressed by many prominent men, including Hon. Myron T. Herrick, ex-Governor of Ohio and Ambassador to France; J. J. Arnold, vice-president National Bank of Chicago. Mr. W. H. J. Taylor, Franklin Simon Company, New York, was elected president.

Sixth Annual Convention—August 20-24, 1918, Boston, Mass. L. S. Cronder, Dallas, Texas, Vice-President, presiding; W. H. J. Taylor, New York, resigned.

Fifty-nine cities represented.

The war-time convention, many of the addresses were woven around "winning the war" as the central thought. Marked by war-time conservatism, thrift and prudence emphatically urged.

Resolutions dealing with the impracticability of trade acceptances, as far as the retailer is concerned.

Resolutions favoring discontinuing use of itemized statements.

Resolutions looking toward the repeal of anti-garnishment orders relating to Government employees.

Sidney E. Blandford, R. H. White Company, Boston, elected president.

Seventh Annual Convention—August 19-22, 1919, St. Paul, Minn. Sidney E. Blandford, Boston, Mass., presiding.

Outstanding issues: National office authorized; St. Louis selected headquarters; D. J. Woodlock selected executive secretary. Adoption of a uniform credit inquiry blank. Establishment of a clearing house system (for bad checks) through the national office. Legislation—Bankruptcy amendments; garnishment of Federal employees. Newspaper advertising as a means of educating the public to pay bills promptly; "Educative Pay Your Bills Promptly" Day.

Franklin Blackstone, Joseph Horn Company, Pittsburgh, elected president.

Eighth Annual Convention—August 10-14, 1920, Detroit, Mich. Franklin Blackstone, Pittsburgh, Pa., presiding.

Resolutions: The associations of credit men, whether local, state or national, were and are formed for greater efficiency, co-operation, education and legislation through interchange of ideas and the encouragement of more scientific methods of dispensing credit. Collection agencies should be subject to state laws and regulations. Proposed amendment to the National Bankruptcy Act.

George A. Lawo, John Gerber & Company, Memphis, Tenn., elected president.

Ninth Annual Convention—August 16-19, 1921, Houston, Texas. Geo. A. Lawo, Memphis, Tenn., presiding.

Credit education discussed; study course in credit to be adopted by institutions of learning throughout the country proposed.

Advantages of a pay prompt campaign discussed.

Service department created by absorbing National Association of Mercantile Agency.

Advantages of regional and state conferences pointed out.

E. W. Nelson, Rudge & Guenzel Company, Lincoln, Nebr., elected president.

Tenth Annual Convention—June 12-15, 1922, Cleveland, Ohio. E. W. Nelson, Lincoln, Nebr., presiding.

Reports: Committee on Credit Education. Service Division Committee.

Discussion of credit methods used by furniture and installment stores.

Advertising for credit accounts.

Constitutions and by-laws of the association amended.

Legislation—Bill permitting the garnishment of Federal employees proposed.

David W. Ahl, J. L. Hudson Company, Detroit, Mich., elected president.

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which the Progress of the SSOCIATION is Measured

Eleventh Annual Convention— June 19-22, 1923, Milwaukee, Wis. David W. Ahl, Detroit, Mich., presiding.

Addresses: "The Outlook of Business and Finance," L. L. Newton, Babson Organization: "The Backbone of the Credit Man," L. Meyer, credit manager, Foley Bros., Houston, Texas: "The Ten Commandments of the Credit Man," Carl Herzfeld, vice-president Boston store.

Resolutions: Careful investigation of a collection agency before placing accounts. Relating to limitation of operation of Bankruptcy Law eliminating application of Bankruptcy Law to personal indebtedness, investigation and prosecution of bankruptcy and insolvency to be carried on by local association at their own expense.

W. T. Snider, Scruggs-Vandervoort & Barney, St. Louis, elected president.

Twelfth Annual Convention— June 17-20, 1924, New York City. W. T. Snider, St. Louis, Mo., presiding.

"The Advantages of the Creation of a System of Commercial Fraud Courts and How the Retailer Would Be Benefited," Hon. Jacob H. Banton, District Attorney, New York.

"The Relation of Industrial Loan Companies to Credit Managers in Passing on Credits," chairman of Georgia Industrial Lenders' Association.

Service department removed from Youngstown, Ohio, to St. Louis.

"The Business Outlook," by vice-president Babson Institute.

Resolutions: Recognizing the tendency to extravagant and profligate living in public and private life which reflects itself in the National Government, with its adverse effect upon safe and sound credit structure, the convention resolved to endorse the action of President Coolidge in coming out so forcibly for a reduction of Government expenditure, with its consequent saving to the taxpayer, both individual and corporate.

L. T. Pease, Ovington Bros., New York, elected president.

Thirteenth Annual Convention— June 9-12, 1925, Minneapolis, Minn. L. T. Pease, New York, presiding.

Fiscal year ending May 31 considered the most successful in the history of the association.

Resolutions: Recommending the enactment of garnishment laws affecting federal, state and municipal employees. Trade clearance coupons recommended instead of direct inquiry. Encouragement of laws requiring moving permits.

Department store group conference one of the most interesting of the convention.

"Psychology in Credits (address by D. G. Paterson, professor University of Minnesota).

R. W. Watson, Spokane & Eastern Trust Company, Spokane, Wash., elected president.

Fourteenth Annual Convention— August 10-13, 1926, Los Angeles, Calif. R. W. Watson, Spokane, Wash., presiding.

Eight hundred delegates attended.

"Credit Sense," an address by Samuel J. Crow, president Associated Retail Credit Men, San Diego, Calif.

"The Relation of the Volume of Accounts Receivable to Available Capital"—a keen analysis of a big problem. An address by R. V. Chaffee, credit manager, Ernst Kern Company, Detroit, Mich.

Dues for membership increased.

Resolutions: Legislative; Federal Reserve System; renewal of National Retail Credit Charter. Favoring prompt collection policy (prompt collections increase volume of charge business).

E. B. Heller, Heller & Livingston Clothing Company, St. Louis, elected president.

Fifteenth Annual Convention— August 9-12, 1927, Providence, Rhode Island. E. B. Heller, St. Louis, presiding.

Large representation.

"Retail Credit Organization in Great Britain (address by G. Harley Denney, general secretary National Federation of Credit Traders, London).

Resolutions: Requesting that the domestic commerce division of the Bureau of Foreign and Domestic Commerce make a complete survey of retail credits and collections. Resolved that the Secretary of the Commerce of the United States be urged to make a comprehensive credit survey, giving particular attention to cost of operation, system and policies and results from the standpoint of the customer and merchants.

Membership drive stimulated.

Collection departments advertising in the CREDIT WORLD brought splendid results (noted).

Debate on installment selling. Resolved, that the selling of merchandise on the installment plan is economically sound, a promoter of good business for the retailer, and a service to the buying public (interesting and outstanding).

L. L. Meyer, Foley Bros., Houston, Texas, elected president.

Sixteenth Annual Convention— June 19-22, 1928, Kansas City, Mo. L. L. Meyer, Houston, Texas, presiding.

Dr. Julius Klein, an outstanding speaker, discussed economical and commercial problems of great educational value.

"What the Management Expects of the Credit Manager," by Sidney R. Baer, St. Louis.

An address on installment accounts.

"Is the Solicitation of New Charge Accounts Ethical and Sound Business?" (an address).

Interesting reports, group conferences and discussions.

J. R. Hewitt, The Hub, Baltimore, Md., elected president.

Seventeenth Annual Convention— June 18-22, 1929, Nashville, Tenn. J. R. Hewitt, Baltimore, Md., presiding.

Convention City suffered from excessive heat.

The Biggest Problem in Retailing Today," address by Wm. N. Taft, editor, *Retail Ledger*.

Work of the Federal Trade Commission outlined by Hon. Wm. E. Humphreys, chairman Federal Trade Commission, Washington, D. C.

J. H. Edgerton, Hahn Department Store, New York, elected president.

Eighteenth Annual Convention— June 17-20, 1930, Toronto, Can.

First time the annual convention convened outside of the United States.

Organization of a department of public relations and advertising.

Productive legislative efforts outlined.

Pay promptly campaign outstanding issue.

Progress along educational lines noted.

Variety is the Spice of Life

Here Are Four Character Sketches—Men Who Make Conventions—Different Types That We All Know—and Like

I Mr. Real-Stuff —No Foolin'

I WONDER whether you know *this* Mr. Real-Stuff? He is big-built and blundering. One of those men who *like* social life and "mixing" but who find it difficult. Because of their floundering clumsiness. Especially when attempting a speech, our friend is only too well aware that he must appear to be making a dolt of himself. Patronized good-humoredly by sharper, slicker folk. He seems so bucolic. And indeed, usually he is from the country. A family have been horny-handed sons of toil for generations, workers on the land. And then one among them breaks away and comes to the big city. The type persists, but there is something in this one which makes him want to try his fortunes away from the broad acres. Quite often his instinct has been sound, he has good business ability, and he becomes a master-man.

At our meetings, however, he looks incongruous. More used to cornfields than controversy. Inarticulate. But you feel affection for him, and respect, because of his obvious pluck in trying to overcome his natural disadvantages. It can be quite painful to see how Mount Everest labors to bring forth a field-mouse. Somewhere away he has his idea. But it bafflingly eludes him. He has to dig down right inside himself, as it were, to fetch it up. A sentence started, broken off, and another begun. Further tries, and we are still left in doubt. You would give the world to be able to help him out. And he would give the world not to be embarrassed himself and not be causing you this embarrassment.

A strong man, but this job of trying to express himself takes all he knows. You feel what it must be costing him, and you admire him vastly for sticking it. At last he sits down, and you applaud as you would not applaud the most fluent, masterly oration. It is your tribute to the man himself and to his not caring what you think of him, so long as he has tried to help.

You think of what someone once said about Charles Lamb, the famous English essayist—that he would check his stuttering and "face up to and snap his fingers at the ghastliest ghost"—even if afterwards he "dissolved into thin air" on realizing his daring.

I have met not a few men such as Mr. Real-Stuff who became quite prominent in public life. It has been remarkable evidence of the fulfilling of an inborn purpose. One I knew surprisingly became the bosom friend of a Prime Minister. His intellectual equipment was extremely moderate. But he was an honest and genuine and earnest soul. It was no one-sided, sychophantic relationship. He was man to man. Each gained something from the other, and the statesman, although his friend was uneducated, almost illiterate, derived help and support from him because of his fundamental, sterling worth. This Mr. Real-Stuff used to come to our meetings and would be able to say that he had seen this personage and that such and such a thing would be done or would not be done regarding a matter affecting our trade. There was no "side" about it. Mr. Real-Stuff was concerned only to see that things were made right for his fellow business men. He gave his news quite simply, delighted at being able to serve us.

Our association, in time, attached very great importance to him. Finally he became our president, and we were proud to have him. But always he remained exactly as we first knew him, quite unspoilt by the reflected glory. It was never "My friend, the Prime Minister," that would have set the satirical wits, of whom we had plenty, devastatingly to work, and would have been fatal. It was only when we needed real information about probable government action that we were ever reminded that our president was *persona grata* with a distinguished public man. Then it was: "I will ask, gentlemen, and see if I can get permission to tell you what he thinks."

That Mr. Real-Stuff taught me, early in life, that brains are not everything. There is a certain quality in human nature that is even more important; and that quality can often be found in people whose *minds* alone are quite unfitted to guide us.

II Mr. Buzz-at-'em —he Usually Starts the Fireworks

NO DOUBT everyone has at times attended meetings which have surprisingly failed to "come off," the proceedings turning out to be tame, flat, leading nowhere in particular. "Surprisingly" because there was perhaps every reason to expect fruitful and interesting doings. A program of lively subjects of practical concern to the trade, with nothing in the air or academic. A good attendance probably assured, in consequence.

Members arrive in force as anticipated. But somehow things hang fire, resolutions and so forth being proposed and agreed to with what you know is quite inadequate discussion. Finally the whole business is disposed of and you troop out wondering why and feeling dissatisfied.

Such a shy lot, we are—that's often the reason. We take back seats, sit in rows, and wait for "someone more qualified than ourselves" to speak.

Here's where Mr. Buzz-at-'em comes in. I don't know what we should do without him, sometimes.

He's Nature's antidote to all this diffidence and stiffness.

You can rely that when he turns up (and—fortunately, I am suggesting—he usually does) he'll take up a position right to the front, facing, if it can in any way be wangled, the body of the meeting. Talk? He'll do that

for you! The stuff's in him; it was born in him, and the trial is for him to keep still and silent. Watch him fidgeting to start before the secretary has finished reading the minutes. Usually a small man, not necessarily self-assertive and "bossy," but simply happily and entirely without self-consciousness. He doesn't have to be slowly cranked up, like so many others in the hall. He doesn't have to stop and think. He has his ideas all pat about everything as it comes along. Talk, talk, buzz, buzz. Up he gets every time and races on, a sea of words. You listen to him without realizing you are listening. You forget yourself and fall into the sea. On, on and on, an enveloping loquacity. A full-dress general discussion before you know where you are. He's our canary, setting all the other birds singing. Quite in earnest all through and unaware that he's conspicuous or is doing anything out of the ordinary. He is *not* doing anything out of the ordinary. It is how he functions, perfectly natural. The buzzer normally.

No matter what it is he says. Mostly the things that really matter in the business on hand are not helped along by him to any extent—although sometimes a good point will emerge that we applaud. Applause or not, he carries on. He is not talking to please you, or for effect. Simply because he must. He is just built that way, as scores of his hearers who know quite well in their hearts that they have an altogether better and bigger grasp of the subject being dealt with than Mr. Buzz-at-'em has, are built to review and analyze and drastically to criticize their own thoughts before they have the face to get on their hind legs.

A Mr. Buzz-at-'em I once knew began to speak immediately a certain meeting opened and had been well launched quite a little while when the chairman raised his hand, stemmed the torrent, and gently intimated that the speaker had apparently come to the wrong shop. Naively Mr. Buzz-at-'em showed his surprise and demanded: "Isn't this the So-and-So meeting?" "No," was the reply, "this is the What-D'ye-Call-It. Its upstairs along the passage that I believe you want, second room on the right."

Everybody, of course, saw the joke. But Mr. Buzz-at-'em remained quite businesslike. He spoke for another minute or so, explaining in detail why he had thought this to be the meeting it wasn't, and then gathered up his papers and retired in perfect order, unabashed and unperturbed.

You need a bit of unpremeditated buzz at a meeting to start the timid ones off showing that they can do a bit of bee business on their own account.

III Mr. Not-at-first

—but You Soon Learn to Give Full Attention to What He Says

I HAVE named him so because you have to know him a little while to get his measure. In a crowd, he makes no definite first impressions. You would not specially note him. You will be neither interested nor uninterested in him—just indifferent.

It is his personal, physical appearance. Youthful-looking (you see, when you have turned your attention to him), a smooth, unlined boyish face; no particular detectable strength in him anywhere—no big jaw, masterly nose, significant forehead or eyes. Slight in build. Not even that unusual breadth of shoulders which often denotes power. Shown a group photograph of one of our gatherings, your feeling, if his picture were specially pointed out, would be that he probably does not count for very much among such a collection of—generally—hefty, hirsute, stronger-featured, more manifestly masculine specimens of humanity!

That's where you would be wrong. He counts. For his, actually, is one of the most experienced, informed and acute heads there. Insignificant though he may look contrasted with the maturer types, he is quite assured, at home, and setting a proper value upon himself. And he has no end of courage in stating and standing fast by his opinions.

Anything but negligible. Members soon learn to give full attention to what he says. Good "convolutions" in the "grey matter." He grows on you. Of some subjects, a better grasp than any man in the room. Shows a thorough equipment as a business man. Nothing haphazard about him. Behind that average, placid forehead there is operating, with machine-like precision a brain of very sound quality.

When you first listen to him there is an inclination to pass him over and wait for another speaker who cuts more of a figure. I have seen meetings where he is not well-known disposed to heckle or snub him. The sub-conscious feeling, perhaps, would be that he is too much in evidence for his type—rather, it strikes you, as though son were setting up to be father! But, as I hint, this will not last long. They'll recognize his quality soon. Quite often he turns out to be a central figure, the major influence. He has not dominated the meeting, but simply kept it to the point, given it "the goods" and cut through muddle and confusion.

The Mr. Not-at-First that I have particularly in mind is by far our best man on questions of economics and finance. On those matters he is very firmly based indeed. He has a natural genius there, and can be most destructive if any discussion gets going that rests upon fact-and-figure fallacies and misconceptions. He will not ridicule, but riddle you with statistics. Listen to him, for example, quoting, without notes, long lists of raw material prices in our trade over a period of years, describing their fluctuations and the reasons why, and fitting the whole into a statement which throws bright light upon our present-day conditions and problems.

Possibly I seem to be a trifle lyrical in praise of Mr. Not-at-First. Admitted! It is not as though he *looked* this kind of a whale. If he did, you would take his brains for granted. The surprise of it is what gets you. Virility and development apparently absent—judging the outer man only: yet there in fact, and as pronounced in him as in any man in the room.

He is an intelligence rather than a personality. But we have personalities in plenty, as

these sketches show. It takes all sorts to make a trade organization.

There would be worse things than to have included in your membership half a dozen of *this* sort.

IV Mr. Great-Speed

—Quickens the Tempo So That Things Are Done

MR. GREAT-SPEED is one of the first to arrive and the last to leave our meetings. My feeling about him has always been one of some surprise that he should attend so regularly.

I have wondered at his patience. For his mind is remarkable by reason of the altogether abnormal speed with which it works. Every organization has its due share of quick thinkers and speakers, but this man will out-distance the fastest of these by an amount even greater than that by which such fast ones will out-pace the ordinary slow and deliberate talkers. A really stupendous delivery, far too rapid for the average listener. A sort of slow-motion recording instrument is needed to make him intelligible to less top-gear people. He is—I am describing a particular one of his type whom I fancy I can see before me and am listening to as I write—of middle age, medium height, clean-shaven, with the "long lawyer's head" and a pale complexion that is made to seem even paler by contrast with his jet-black hair. He does not "make a speech" in the ordinary sense. He, as it were, envelops the whole subject with one effortless spring . . . "Mr. Chairman and gentlemen, the question before the meeting is one that I have given attention to for some time, and I can assure you that———." In five minutes there has been poured out, without hesitation or searching for a word, an incredibly swift succession of ideas. A truly breath-taking exhibition of the operation of a racing mind. He gets the most mentally-supple among us all tense in the effort to keep up with him. As though the proceedings had suddenly been put upon a plane of motion quite extra-human. He is rarely upon his feet more than ten minutes. In that time he has covered ground which it would take some of us weeks to cover. If you have really "followed" him, grasped all his points, seen all his implications, sensed his "nuances," you feel that the thing is done, the subject disposed of, that there is no more to be said.

But certainly many of us have not "followed" him. He has shot on ahead miles too far. Our minds have taken in only those of his points which they were sufficiently agile to take in. So we get the spectacle of some member immediately rising and making a speech which he thinks an entirely new contribution, but which is, in fact, a partial re-statement of what Mr. Great-Speed has already stated *in extenso*. Such a member will go on happily in the belief that he is carrying the matter well on beyond the stage where Mr. Great-Speed left it. It is simply that his mind has lapsed while Mr. Great-Speed has been talking—"erupting" would be the better word. He *had* to seize upon certain aspects and allow the others to slip by.

Then, such a speaker's contribution will put the meeting upon a basis where the business can be carried on normally, step by step. Meetings require to be run on those more leisurely lines, or there would be no exchange of ideas. Speaker follows speaker, and finally the subject is thrashed out through a period of perhaps an hour so that every member has had an opportunity to follow the slow logical processes by means of which we exhaust it.

But in the end it will only be that we have ambled where Mr. Great-Speed flew.

The queer thing, as I say, is that this member, who certainly will be aware that he has said all that was really vital on the subject before we took a hand, should be patient enough always to come, always to sit it out, always to listen attentively to what we say, although such a great deal of that is recapitulation of his own "stuff."

Has anyone met this exceptional type of member? If so, what is the explanation of why he is content to stay while we plough ground over which he has already taken the full flying leap?

COURAGE

By Capt. Henry H. Scott

NINETEEN hundred and thirty will go down in history as a year of depression caused by fear and lack of faith hardly justified by the actual business conditions of the country.

The writer does not believe that any prediction of any degree of accuracy can be made for the year 1931 other than that the country will be prosperous if the people so *will it. It is all in the state of mind.*

The people of the United States with years of successful business achievement behind them must shake off at once this feeling of doubt, gloom and fear and realize that our present condition has been for the most part psychological. We have overfed ourselves with news of failure, disaster, panic and fear. Any business that could have received one-thousandth the advertising that this depression has received in our country would have been tremendously successful.

We have emphasized the four and one-half millions of unemployed and not mentioned the forty-two millions who are working hard at their jobs. We have dwelt on the poor financial condition and not mentioned the fifty billions we have in banks on deposit or the fifteen billions we could have borrowed on life insurance. We have spoken much of our few lessened freight car loadings but not of the ninety thousand cars which we are loading each week. We have talked ourselves into a state of nonsensical fear, and the very ignorant in our country have listened to the wailings of a few Communists—a cancerous element which thrives on fear and uncertainty.

Courage, faith and vision are the need today

The Happiest Event in the Drab Life of Business is Convention Time

It was never intended that we should live apart. We congregate in large cities; we meet in groups for lunch; in crowds for entertainment. We live most naturally and helpful by mingling with other people where there is an opportunity to give and to receive. This gregarious tendency broadens our horizon, distributes knowledge, stimulates effort. We can not be truly successful without it.

The annual convention of the National Retail Credit Association is the one big opportunity for you to invest a little time and money for the betterment of yourself and to the benefit of your calling. The question is not, "Can I give the time," but "Am I up with the time." The question is not, "Do I believe in the value of conventions," but "What can I give to the cause of credit at this time when the giving is paramount."

To multiply our experience by the experience of others is the main object of the convention. But there is a double advantage. You could not receive from others if you did not attend. And from a selfish point of view you might think you are the only loser. But the others have come to the convention expecting to receive from you, and you owe this to your fellow credit men. It is a matter of reciprocity. This is the underlying fundamental principle of modern credit granting. In your own community you are expected to give experience and information to the bureau so that you may justly expect to receive the experience and information of others. If you were to withhold yourself and your example was followed by all others, there would be no bureau possible.

Do not lose sight of this necessity. It is just as important at convention time. It is just as important to converse and question and talk as it is to sit and listen.

If you will come and do these things I will guarantee that your time and your money will be profitably invested in a cause that is constructive, educational, inspirational—in short, indispensable. Your friends are expecting you. Now is the time to send in your reservation.

FAITH VISION *

and 1931 should be a wonderful year. Our faith will be much more quickly restored if we review calmy the vicissitudes of the last fifteen months. Our country has met the supreme test and has not been found wanting in financial strength. Eighteen months have now elapsed since the depression started. Each day brings us nearer to feeling the certainty of recovery.

Among the largest and best managed companies in the United States, there were forty who made 1930 their banner year both as to sales and net profits. This was accomplished by absolutely ignoring the fear and panicky rumors by which many have apparently been guided. These companies worked harder than ever before and availed themselves of a golden opportunity which others neglected.

Basically, fundamentally and financially the country is sound. We have half the gold in the world, half the machinery, most of the automobiles, most of the telephones, most of the railroads, all of the skyscrapers, the largest corporations the world has ever seen, the best business brains, the largest home market, and we have in America resources so vast that we have no knowledge of their extent. We are the largest and richest nation the world has ever seen or conceived and still we have permitted this disease of fear to creep in, fostered and encouraged by a few ignorant Communists who have only the knowledge that fear is contagious.

We have a history and tradition behind us as a nation of always achieving our objectives, and yet we have permitted ourselves to be shattered by a small group in Wall Street. The prices of stocks were forced too high and had to come down. They did. A dollar's worth of sound investment is now being sold for thirty cents and actually almost every security in the United States is being sold for less than its true value. The merchandise shelves are comparatively empty. The merchants are holding off future orders and waiting for future depression. This is poor business and makes for pessimism. Money is plentiful. The way to make for better business is to be optimistic and convert pessimists. We have not pulled ourselves out of this depression over night. Bad times came upon us gradually and with warning, which we did not heed. Good times will return the same way.

An English writer analyzing our present condition states that when a horse balks it is in the head and not in the legs. He moves when he thinks he will, and when our American business man is depressed the slump is in his head. There is nothing serious to prevent him from making money if he thinks he will. To show a loss in the year 1930 as compared to the previous year is not serious, but to show a continued loss in hope, faith and courage for this year, 1931, will make you and your firm a business cripple.

Let us shake ourselves free from this lethargy of fear and doubt. Remember that there is nothing wrong with business except our state of mind. When fear rules the will nothing can be accomplished. Talk, think and act optimistically. Stop listening to hard times and fake rumors. Remember that if fear is contagious so likewise is courage. Let us work hard the next six months and capitalize the real wonderful conditions that surround us as many of the large and successful firms are now doing. If we all do this, 1931 will finish as a prosperous year.

**The Keynote of Our Convention.*

SURVEY OF INDIVIDUAL BANKRUPTCIES

Wage Earners and Professional People

Submitted by H. T. LA CROSSE

Source of Information

IN ADDRESSES at the annual conventions of the National Retail Credit Association in Nashville, 1929, and Toronto, 1930, R. Preston Shealey, its Washington counsel, advocated changes in the present bankruptcy law, tightening up the discharge provisions in the interest of the retailer, somewhat along the lines of the Sears and Andresen bills introduced in Congress at the request of Nebraska and Minnesota retailers. Pursuant to that thought a questionnaire prepared by Dr. W. C. Plummer and Mr. Shealey and with the approval of the legislative committee of that organization, of which Mr. James R. Hewitt of Baltimore is chairman, was mailed on August 23, to its service bureaus. These bureaus were instructed to secure from the records of the bankruptcy courts in their town, city or county, data on all cases of individual bankruptcies (wage earners and professional persons) filed within a given period of time. This enabled pertinent representative data to be secured and which data from 108 bureaus reporting, forms the basis of this report.

Scope

A total of 6,036 cases was obtained and the periods of time covered by the reports ranged from one month to one year falling in the interim between April 1, 1929, to December 31, 1930. This number of cases approximates 20 per cent of the total number of wage earners and professional cases concluded during the fiscal year ending June 30, 1930, according to the annual report of the Attorney General of the United States. It is evident, therefore, that this representation affords a good sample for study and analysis of the evils existing in this field of bankruptcy.

The information is set forth by geographical and Federal Reserve districts. The various geographical regions, according to which the information of this report is grouped, comprise states as follows:

New England—Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island.

Central Atlantic—New York, Pennsylvania, New Jersey, Maryland, Delaware, Virginia, West Virginia and the District of Columbia.

Mid-West—Iowa, Wisconsin, Michigan, Illinois, Indiana, Ohio and Kentucky.

Southeast—Tennessee, North Carolina, South Carolina, Mississippi, Alabama, Georgia and Florida.

Gulf Southwest—Missouri, Oklahoma, Arkansas, Texas and Louisiana.

West Mid-Continent—Wyoming, Colorado, Nebraska and Kansas.

Central Northwest—Montana, North Dakota, South Dakota and Minnesota.

Pacific Northwest—Washington, Oregon and Idaho.

Pacific Southwest—California, Utah, Arizona, Nevada and New Mexico.

Losses to Creditors Through Bankruptcy

Of the 6,036 cases of individual bankruptcies covered in this report it is found that scheduled assets amounted to only 14.5 per cent of scheduled liabilities.

Records of 6,036 Individual Bankruptcies (Wage Earners and Professional Persons), 1929-1930

Classification	Number of Bankruptcies	Liabilities Under $1,000 No.	Liabilities Under $1,000 Per Cent	No Assets Above Exemptions No.	No Assets Above Exemptions Per Cent	Scheduled Assets Amounting to Less Than 50 Per Cent Scheduled Liabilities No.	Scheduled Assets Amounting to Less Than 50 Per Cent Scheduled Liabilities Per Cent	Scheduled Assets Above Exemptions	Scheduled Liabilities
Federal Reserve District									
1. Boston	194	50	25.8	77	39.7	178	91.8	$166.807	$ 994.723
2. New York	106	14	13.2	68	64.2	102	96.2	64.579	789,004
3. Philadelphia	30	1	3.3	12	40.0	26	86.7	67.655	431.251
4. Cleveland	1.068	385	36.0	744	69.7	994	93.1	439.228	3,547,669
5. Richmond	192	62	32.3	116	60.4	166	86.5	545.150	2.422.141
6. Atlanta	928	639	68.9	637	68.6	869	93.6	370.535	1.838.945
7. Chicago	251	44	17.5	118	47.0	229	91.2	222.320	1,417,337
8. St. Louis	316	174	55.1	217	68.7	284	89.9	162,017	862,894
9. Minneapolis	660	312	47.3	356	53.9	600	.90.9	322.814	1,840.135
10. Kansas City	1,418	522	36.8	1.067	75.2	1,351	95.3	379.245	5,218,911
11. Dallas	8	0	0.0	6	75.0	8	100.0	786	199,253
12. San Francisco	865	329	38.0	547	63.2	746	86.2	552.800	3.206.007
Region									
New England	194	50	25.8	77	39.7	178	91.8	$ 166.807	$ 994.723
Central Atlantic	326	77	23.6	195	59.8	292	89.6	673.966	3,557.402
Midwest	1.430	506	35.4	965	67.5	1.329	92.9	680.552	5.149.949
Southeast	948	658	69.4	680	71.7	896	94.5	211.701	1,706.758
Gulf Southwest	982	434	44.2	786	80.0	923	94.0	449.627	3.751,563
West Midcontinent	605	159	26.3	339	56.0	564	93.2	227.420	2,502.812
Central Northwest	660	312	47.3	356	53.9	600	90.9	322.814	1,840.135
Pacific Northwest	449	217	48.3	318	70.8	376	83.7	154.033	1,266,670
Pacific Southwest	442	119	26.9	149	56.3	395	89.4	407.016	1.998.258
Total	6.036	2.532	41.9	3.965	65.7	5.553	92.0	$3,293.936	$22.768.270

Less than One-Fourth of Bankruptcies are Business Establishments

Approximately 78 per cent of the bankruptcies in the United States each year are persons engaged in other than mercantile pursuits, according to a recent statement by an official of the Department of Justice. A tabulation for 1930 by classes revealed that 50 per cent of bankruptcies were laborers, 8 per cent farmers, and 20 per cent professional men, while commercial establishments accounted for the remaining 22 per cent.

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Considering all cases concluded for the fiscal year ending June 30, 1930, it is revealed by the report of the Attorney General, that assets realized (before deducting any administration expenses) only 11.2 per cent of liabilities. Business failures which constituted in amounts the greater portion of these realized assets, had scheduled assets ranging from 60 to 70 per cent in ratio to liabilities for the period under study. Therefore, it may be readily seen that a comparison of these figures discloses that the amounts realized on the scheduled assets of individuals would be practically negligible, hardly enough it seems to meet the expenses of administration for settling the affairs through the bankruptcy courts. Then again, the scheduled assets above exemptions of a great number of the cases studied exceeded the liabilities in amounts many times. This condition indicates that the assets as scheduled are inflated, thereby substantiating the above statement that the amounts realized would be practically nil.

Amounts Owing for Necessities of Life

From the foregoing statements it is shown that creditors in general in bankruptcy cases of individuals secure very little in dividends from their debtors. The next step is the consideration of the type of creditors suffering the geratest losses in the bankruptcy proceedings of individuals.

An examination of the statistics in the following table proves quite conclusively that the amounts are owing principally to retail merchants, physicians, undertakers, etc., a type of creditors selling goods and services which, in large part might be classified as necessities of life. Forty-five and seven-tenths per cent of the cases studied owed principally to retailers, physicians, etc., and 87.2 per cent owed some to this class of creditors. Some significance of the enormous losses sustained by these creditors may be gathered by a rapid computation of the figures in this table. A conservative estimate would place the figure well over 70 millions of dollars in losses each year.

It must be borne in mind that in order to succeed this class of merchants dealing with salaried people must extend credit with no security other than placing their reliance upon the honesty of the ordinary citizen. In view of the fact that adequate credit facilities exist in this country for aiding retail merchants and that three-fourths of the better-managing merchants use these facilities[1] additional requisites are hardly necessary for extending credit.

However, the statute as it now stands affords consumers an easy way to escape the payment of their debts and the merchant who extends them credit has no remedy. Consequently, a great number of the merchants fail and a bankrupt business usually represents certain losses to a number of creditors and ultimately, though perhaps indirectly, a loss to the consumer. In a recent report[2] issued on a study of 30 prospective bankrupt grocery stores in a midwestern city, 7 of the 30 stated that they had suffered heavily on account of their customers becoming individual bankrupts and being thus absolved of their grocery bills. The highest num-

[1] National Retail Credit Survey, Parts 1, 2 and 3, U. S. Department of Commerce, 1930.
[2] Credit Extension and Business Failures, U. S. Department of Commerce 1930, T. I. B. 627.

Records of 6,036 Individual Bankruptcies (Wage Earners and Professional Persons), 1929-1930

Classification	Number of Bankruptcies	Ratio of Scheduled Assets to Scheduled Liabilities	—Retailers, Physicians, Dentists, Hospitals, and Undertakers as Creditors— Number Having These as Principal Creditors	Per Cent of Total	Number Owing Some to These Creditors	Per Cent of Total	Number Not Owing to Any of These Creditors	Per Cent of Total
Federal Reserve District								
1. Boston	194	16.8	68	35.1	151	77.8	43	22.2
2. New York	106	8.2	31	29.2	93	87.7	13	12.3
3. Philadelphia	30	15.7	7	23.3	18	60.0	12	40.0
4. Cleveland	1,068	12.4	582	54.5	989	92.6	79	7.4
5. Richmond	192	22.5	50	26.0	145	75.5	47	24.5
6. Atlanta	928	20.1	291	31.4	790	85.1	138	14.9
7. Chicago	251	15.7	134	53.4	221	88.0	30	12.0
8. St. Louis	316	18.8	178	56.3	301	95.3	15	4.7
9. Minneapolis	660	17.5	421	63.8	590	89.4	70	10.6
10. Kansas City	1,418	7.3	618	43.6	1,216	85.8	202	14.2
11. Dallas	8	0.4	1	12.5	6	75.0	2	25.0
12. San Francisco	865	17.2	378	43.7	743	85.9	122	14.1
Region								
New England	194	16.8	68	35.1	151	77.8	43	22.2
Central Atlantic	326	18.9	88	27.0	256	78.5	70	21.5
Midwest	1.430	13.2	790	55.2	1.313	91.8	117	8.2
Southeast	948	12.4	321	33.9	808	85.2	140	14.8
Gulf Southwest	982	12.0	488	49.7	867	88.3	115	11.7
West Midcontinent	605	9.1	197	32.6	510	84.3	95	15.7
Central Northwest	660	17.5	421	63.8	590	89.4	70	10.6
Pacific Northwest	449	12.2	138	30.7	398	88.6	51	11.4
Pacific Southwest	442	20.4	248	56.1	370	83.7	72	16.3
Total	6.036	14.5	2.759	45.7	5.263	87.2	773	12.8

ber of bankrupt customers mentioned by any one of the seven merchants was eight during the year.

Without question a remedy to the above mentioned evil that exists could be effected by adopting the amendment to the statute recommended by this association, that is, barring necessities from discharge.

Large Number of Bankruptcies with Liabilities Less Than $1,000

The present bankruptcy act not only allows any debtor to voluntarily file a petition in bankruptcy, but in most cases grants a discharge, irrespective of the amounts owing to his creditors. Statistics in the accompanying table indicate that over 40 per cent of the individuals petitioning for a discharge had listed liabilities amounting to less than $1,000. These facts reveal that some debtors appear to have a reckless disregard of business integrity, thereby defeating one of the purposes for which the act was designed, that is, to discharge honest debtors from their debts when overwhelmed by financial misfortune through no fault of their own.

Bearing in mind that less than one-half of one per cent of individual bankruptcies are involuntary(1) cases, it would seem that these debtors are allowed ample time within which to meet their obligations, instead of taking recourse to the statute for a discharge. By raising the amount of indebtedness to a minimum of $1,000 as now specified before a debtor may be adjudged an involuntary bankrupt, the number of individuals failing each year would be reduced considerably.

Large Number of No-Asset Cases

A further indication of the enormous losses sustained by creditors is the number of their debtors failing that surrendered very little assets or no assets at all in their petition for a discharge. Five thousand five hundred and fifty-three cases out of the 6,036 covered in this study had scheduled assets amounting to less than 50 per cent of the liabilities and 3,965 or 65.7 per cent of the total number represented a total loss as no assets above exemption were listed.

This fact is undoubtedly one of the reasons why creditors have a lack of interest in the administration of the bankruptcy cases. Logically, it is their responsibility to take an active control in the administration for the purpose of securing a partial payment of their debts. However, in view of what is to be expected in the way of securing dividends, the greater part of them prefer not to waste their time in such fruitless efforts to save money. The Department of Justice reports that "during the four years from 1925 to 1928, inclusive, creditors did not even take the trouble to file claims exceeding $1,000,000,000 in amount and representing over 30 per cent of the liabilities."

An amendment to the statute barring discharges until 50 per cent in dividends are paid would go far in abolishing the evil that now exists. Debtors would be discouraged from getting discharges of their debts with such apparent ease as is now the case and the losses entailed by creditors would be considerably less.

(1) Annual report of the Attorney General of the United States.

Where Are We Headed?

By T. L. LINDSAY

VOLUME, volume, volume—this has been ringing in the ears of credit men for the past ten years.

"Get volume," we hear, "and credits and collections will take care of themselves."

But do they? They certainly are not doing it now. Collections are down, credit losses are climbing, and credit men are being condemned.

Most credit managers knew that we were "riding for a fall" back in 1928, but who paid any attention to them? How many firms changed any of their selling policies at the insistence of their credit manager?

Very, very, few! if any at all. "The credit department is trying to throttle prosperity. They are trying to hold the firm back. Why pay any attention to credit men; they have always been a crowd of calamity howlers. If we can just get a certain volume everything will be Jake. Just sell all you can and let the credit department worry about getting the money"—such were the remarks heard in almost every sales conference.

But now, we are reaping the harvest of volume. We have a volume all right, but it is a volume of slow paying and, in many instances, worthless accounts.

Credit men, in the eyes of a great many store owners and merchandise men, are just a lot of over-grown chumps. But when the crash comes he is hastily called in and confronted with the "deplorable condition of our credits and collections."

Prosperity fails, collections become poor, and business goes down, because nobody pays any attention. We think when things are good they will always be good. In this respect, we are like the grasshopper that hops and sings all the Summer and makes no provision for the Winter.

In the far distant past we heard that credit was based on character, capital and capacity, but it has now reached the point where these no longer apply. Just get the merchandise into the customer's hands and everybody is happy. Why worry about such old fashioned things as

character, capital and capacity when we are selling stuff?

A little chart recently published in connection with the National Retail Credit Association Survey indicates that in 1920 credit sales accounted for only about 20 per cent of the total retail business, whereas, in 1930 this figure had climbed up to close to 50 per cent within the ten-year period.

Then, during the early part of 1930, the chart indicates an ever widening gap between the line indicating credit sales and the line indicating collections against those sales. The two lines are farther apart now than they have been in a very long time.

Does all this not indicate the need of establishing sane selling policies and sane credit and collection policies?

Credit managers have no desire or intention to try and throttle business, but this is an issue that needs to be faced and worked out sanely and soberly.

Yes, we say extend all the credit you can to those who are worthy, but this thing of placing merchandise in the hands of those who are not worthy, just for the sake of volume, should be discontinued without delay.

Assets is a word that has become almost lost in our modern merchandising set-up, but it is a word that must again take its proper place, otherwise, our present aconomic condition will continue to repeat itself.

This is not a problem to be worked out alone by either the credit managers or the merchandise managers, but a problem that requires the closest study by the very best minds in the country in both credits and sales.

Closer co-operation between the selling forces and the credit forces is the crying need of modern retailing and the quicker this is realized, the quicker the retail business will be operated on a more sensible basis.

And remember this—merchandise is only half sold until it is paid for.

People Won't Buy on Sympathy

Some Independents Found Out to Their Sorrow

"If sympathy could get you business, the independent merchants on my street would all be rich," said Foster Fletcher, of Ypsilanti, Mich., to M. M. Zimmerman, merchandising counsel, who recently recorded his views on the chain store complex for the *Boot and Shoe Recorder*. "If the public wants the chain that is what we are going to have," continued Mr. Fletcher. "If independents are going to keep up with the chain they must merchandise their stores to meet public demand."

"The independent retailer is not only overcoming all the advantages which the chain is presumed to enjoy, but is creating advantages for himself which the chain store is not able to offset. In a word, the real merchant is making use of the priceless weapon of personality, which he long neglected, and which the chain, even with its high-powered organization, has so far not been able to develop."

"The most effective weapon I have to meet chain competition successfully is the knowledge I gained some years ago that the public does not owe me a living, and that the consumer is at liberty to purchase wherever he pleases," is the way another successful independent expressed himself. He operates an up-to-date haberdashery and has been able to successfully meet chain store competition by keeping in the public eye with plenty of good advertising, taking on a number of reputable lines and merchandising with a vengeance.

The chain store fight, Mr. Zimmerman concludes, was only a chain store fright and those who suffered spent all of their capital attending to the other fellow's business.

Procrastination is Certainly the Thief of TIME

Dear Sir:

Our accounting department does solemnly affirm, maintain and assert that you owe us five dollars.

We hate to get excited about five dollars. We also dislike the usual "collection letter" which bursts into tears in the first paragraph and yells for the law in the second.

Trouble is though, that you and 999 other subscribers all holding out five dollars, leave us $5000.00 in the hole. It is this little problem in elementary arithmetic that shakes our faith in humanity.

So (to quote from an esteemed contemporary) won't you "obey that impulse" and send us your check for five dollars, for in this case procrastination is certainly the thief of TIME.

Sincerely,

EDITOR'S NOTE.—This appealed to us as a very clever collection letter. It was used by *Time Magazine*. It has dignity with a chuckle. It is firm, considerate, reasonable and conclusive.

LET'S SELL MORE GOODS

—That Do Not 'Boomerang'

"The Returned Goods Evil is Running Us Ragged" is the Way One Credit Man Described the Problem

UNDOUBTEDLY, the return of merchandise is sometimes justified, and when it is, the store must "make good" its mistake or sacrifice its reputation for fair dealing. The fact remains that the practice is now a serious problem to retail stores. Just how bad the situation has become was shown by the National Retail Credit Survey made by the Department of Commerce. From data gathered during the course of this study, the department was able to estimate the total volume of goods returned each year to stores of all types. It amounted to no less than three billions of dollars, nearly twenty-five dollars to every man, woman and child in the country, and the great bulk of it is returned by charge customers, which makes it very much a problem for the consideration of credit men.

Good salesmanship in the retail store has been defined as "selling goods that don't come back to customers who do." It often happens, however, that both return. If it is really no fault of the merchandise, what should the adjustment manager do?

To assume that the customer is never wrong is to invite trouble, and, as many a retailer will tell you, the invitation is cordially accepted.

It's quite evident that the customer is not always right. Neither is he always wrong, and when he has a reasonable objection to merchandise he has bought, to return it is the greatest favor he can do the retailer. Not long ago, for instance, a man bought a necktie at a store where he had been trading for several years. The tie was dark with light spots, and after it had been tied about three times, the spots began to rub off. He decided to take this particular piece of merchandise back to the store and have a heart-to-heart talk with the buyer for the neckwear department. The gentleman was very friendly, and thanked him for returning the tie. He said:

"This is about the tenth of these neckties to be returned to us, and I'm glad you brought it back. We simply made a mistake when we bought the lot in the first place, and the manufacturer apparently made a mistake, too, for we have been buying from him for years, and this is the first time he has sold us inferior goods. The thing that worries me about the whole business is not that you and nine other people brought the ties back to us, but that there are about ninety who have bought them and still have them, and probably will never buy anything else from us."

But ordinarily when the retail merchant allows his customers to return goods without trouble, he certainly is doing them a great favor. It is an undoubted convenience to have merchandise sent home for examination, with the intention of buying only a fraction of what was ordered. But before approving of a liberal returned-goods policy, it is well to ask ourselves one or two pertinent questions, not the least of which is, "How much does it cost?"

Not long ago, the Bureau of Business Research of the Ohio State University made a study of this very question. It found that a

DON'T ADVERTISE RETURNS!

"A reasonable amount of fleas is good for a dog. It keeps him from broodin' over that he is a dog." Just so, a reasonable amount of returns is good for a store. If they are handled properly they become the means of warm ties between customers and store.

Shall we take the matter of returns, which concerns about fourteen per cent of the average dollar spent in the store, and spread it out before the other eighty-six per cent of the same dollar? Shall we spend a large amount of money clubbing our customers over the head publicly because a few of them have broken faith with our stores?

From a business standpoint, one should say not. From the point of view of economy, one should say not. From the point of ill results that might accrue from acquainting the whole public with the fact that returns are tolerated, one should say not. Centralize your efforts to discourage returns in the women's ready-to-wear department by encouraging salespeople to put redoubled and intelligent effort into selling women satisfaction, comfort, and style.

—F. E. Morriss, *Dry Goods Economist*, March, 1931.

FLEAS AGAIN

In March *Business Briefs* presented the point of view of the store executive who considers that—like fleas on a dog—a certain amount of returns is good for a store. The opposite view is shown in the following opinion.

Merchants are required to carry one-fifth more stock than would be adequate for its proper servicing if returns were eliminated. Retail store sales persons in reality receive compensation for 20 days' work in the month rather than 26; since in the final analysis returns are charged against their quotas. At least 20 persons are involved in each return and there is at least a degree of deterioration in the merchandise returned.

Women shoppers are the direct cause of the condition which compels stores to pay their employees less than they could pay them if shopping were done more wisely.

—D. F. Kelley, *Retailing*, March 28, 1931.
—*Business Briefs*.

return of goods must be handled by no less than 23 persons in a medium-sized department store in Ohio. Each of the twenty-three contributed in some measure to a pure waste of effort. The same Bureau of Business Research also found out what price we pay for individual returns. In three months of observation of actual transactions in the store, it was shown that the cost varied from 32 to 62 cents every time a customer brought merchandise back to the store. Who paid for this extravagant practice? The owners of the store bore the immediate burden, but they had no way to foot the expense other than with money received from their customers collectively. In other words, the cost fell where it always must in business —on the ultimate consumer.

*Causes of Merchandise Returns Studied in West-Coast Stores**

Customer reasons were responsible for 72.9 per cent of returns of merchandise to eight large west-coast stores, according to the findings in a survey reported in the *Retail Ledger*. Merchandise reasons accounted for 23.8 per cent; delivery and service reasons for 0.9, and undetermined reasons for 2.4 per cent of returns.

The customer reasons were further analyzed into: Change of mind, 48.6 per cent; no reason stated, 35.7 per cent; wrong size ordered, 11.1 per cent; all other causes, 4.6 per cent.

The 23.8 per cent of merchandise reason were made up of: Wrong size sold, 42.4 per cent; "sent on approval" return, 33.8 per cent; wrong color sold, 12.4 per cent; imperfect merchandise sold, 7.6 per cent; all other causes, 3.8 per cent.

"The enormity of the problem is now definitely appreciated by the merchants of the country and they have determined to use all their resources to correct the evil. The National Dry Goods Association is now waging war.

"The opening gun was fired," said Mr. D. F. Kelly, president of the Fair, Chicago, and the National Retail Dry Goods Association, "on April 29th, at a nation-wide broadcast from Chicago in a talk on 'The Romance of Merchandising.' This talk, one of a series given by speakers in different businesses for the Halsey Stuart Company, stressed what the retailers are doing for the consumers in bringing to the stores merchandise of class and quality from all parts of the world, and it brought to the attention of the consumers the varied services which the stores supply to them.

"These points made, it is planned to bring to the consciousness of the public the terrific burden the stores are carrying in the guise of the cost of the tremendous quantities of goods returned.

"The Public apparently is unconscious of the fact that merchants are required to carry one-fifth more stock than would be adequate for its proper servicing if returns were eliminated. It surely does not know that because returns are so high in the average retail store sales persons in reality receive compensation for twenty days' work in the month rather than for twenty-six, since in the final analysis returns are charged against their quotas."

People Had the Money Last Year—But They Saved It

The Magnitude of the Nation's Fund of Savings

In 1922 there stood to the credit of 30.5 millions of depositors in the United States more than 17.5 billions of savings. At that time the savings fund would have been sufficient for the purchase of the country's total investment in machinery, implements and tools used in manufacturing and in farming; or it could have been used for the acquisition of all transportation and transmission enterprises (except railroads). The new ownership would then have had control of all street railways, telegraph and telephone systems, pipe lines, shipping, canals, irrigation enterprises, Pullman and other private railroad cars, privately owned water works and central electric light and power stations; and there would have been $2,000,000,000 of surplus cash on hand available for improvements. To put it still another way, by borrowing $2,000,000,000 there would have been enough on hand to have purchased outright all the railroads of the country together with their equipment. By 1930 the cash savings of the country had increased to 28.5 billions, the number of savers to 53.0 millions and the savings had changed from 5.5 per cent to about 8 per cent of the estimated wealth of the country.

—*The Annalist.*

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Co-operation Means Advancement

Trade Associations Serve the Nation

"The Department of Commerce works in co-operation with more than 60 committees representing trade associations,"* says Dr. Julius Klein. Thus we enjoy the immense advantage of treating with a unified, responsible body, authorized and competent to voice the needs and express the viewpoints of an industry as a whole. If we had to thresh out every question with all the individual units in an industry the task would be, in most cases, gigantic and almost endless. The trade association provides a precious 'leverage'—an implement that enables both the industry and the department to get practical results quickly.

"The significance of the American trade association is profound. Its ideal of co-operation is incalculably important. The old-time notion was 'every man for himself.' But gradually our business men came to see that in many vital respects their interests were identical with those of all the other persons engaged in their particular industry, activity, or trade, and that many pressing problems could be combated and solved only by co-operative effort. It was through a realization of these truths that trade associations were created—and have risen vigorously to a position of power and prestige."

*The United States Department of Commerce contributes a work of unusual value to the National Retail Credit Association in its Retail Credit Survey. We are greatly indebted to the Department of Commerce and the men who carry on this wonderful service for us.

Overbidding

"Abuses of Bridge Are Similar to the Abuses of Credit"

By WM. H. FLANDERS

"TWO HEARTS," was Alice's bid, accompanied by a roguish upturn of her mouth corners.

"Overbidding again, Alice?" asked Mary, her partner, whose charming patience with the other's reckless playing was beginning to fade. "Our credit on the bridge prize won't be so good if you keep that up."

"Don't mention credit to me," snapped Alice. "I'm sick of the word. I've been hounded to death by some black-listing organization going under the genteel name of 'credit bureau,' and all because I'm a little behind in my payments on one of my accounts."

"I'm afraid you're overbidding again," retorted Mary, "this time in exaggeration. If I know anything about credit bureaus, you haven't been 'hounded to death.' You've received one or two tactful and helpful letters from them, explaining your credit status. And they're not a blacklisting organization, either. They're not only interested in the business firms connected with them; they're just as interested in you, and only want to see your credit status secure that you can purchase from its members on credit with ease and assurance."

"Well, I don't see how they can get all that information," declared Alice, petulantly, "and I think that it's a shame that respectable people should have such information spread about."

Inspect Bureau

"It isn't spread about," interposed Lillian, one of the opposing couple. "You should inspect their bureau. I have, and its perfectly thrilling. Mr. Flanders, the general manager, will be glad to show you about and explain things. Their files are Gargantuan, and the speed with which their clerks, typists and telephone operators work to keep a watchful eye on credit buyers is marvelous. There's a little card in their files for every one, even you, Alice darling, and I'll wager that yours has a few little black marks on it if you've been having trouble of that kind."

"But what can I do about it now?" exclaimed Alice, now genuinely worried at the seriousness of her plight. "I suppose it's too late to clear up my record after they've got something against me."

"Oh, no it isn't," Mary said. "If you'll call and talk the matter over with Mr. Flanders he'll be glad to help you establish your credit, that is, if you are willing to make satisfactory arrangements about your present obligations. Then in a short while you'll have a nice clean card. Of course, you'll have to show the proper interest in keeping it that way, or your chances may never be as good again. They're not interested in stopping your credit unless it becomes necessary. They just want you to realize how much more convenient it is to pay your bills promptly. Perhaps you're carrying more credit than your income will allow. In that case, they would like to see you budget your purchases and make it easy for yourself and the merchants.

Educate Public

"That's right," declared Ruth, the fourth player, who had listened without comment up to this time. "And furthermore, my husband says that these credit bureaus have done wonders in the last few years to stabilize credit and business in general. He says that they are educating the public more and more all the time to the importance of good credit, and that it won't be long before the whole credit situation will be cleared up as well as can possibly be expected. He says that credit buying is only a relatively new thing in the business world, and that credit bureaus became necessary because people didn't realize the importance of keeping their credit status clear. Mostly it's because of negligence and forgetfulness, rather than unwillingness to pay."

"Well, I never heard it explained that way before," Alice said. "I always thought it was some sort of cheap, merciless collection agency. I think I'll attend to those bills. I'd merely forgotten them and became indignant when the merchant asked for payment. And I think I'll just go up to that credit bureau and take a look around. I'm interested."

"Well, now that that's settled," Mary said, "let's get back to the game. I've forgotten what your bid was, Alice."

None of the others remembered, either. Alice looked carefully at her hand, thought a moment, and said slowly: "One heart."

If you want a credit advertising campaign in your town, let the National Retail Credit Association do the work. It will raise the funds under your supervision, collect the pledges and place the advertising.

The National Retail Credit Association has been able to get started 62 campaigns with little or no personal contact and these campaigns have demonstrated many things, the most important of which is that consistent advertising of the 'Pay Promptly' theme is successful in teaching the public to utilize the advantages of credit without abusing credit privileges. Delinquent bills are substantially reduced in numbers and many satisfactory new charge accounts, it is reported, are obtained by stores as a direct result of the publicity.

"Now with this added proof that the public can be made to respond to advertising about credit, just the same as it responds to publicity regarding other matters, the National Retail Credit Association as part of its educational responsibilities offers its services in organizing localized 'Pay Promptly' campaigns in raising the fund, collecting the pledges and placing the advertising. Trained staff men, operating in conjunction with your local association, will, if desired, do all the work necessary to put a campaign on.

Assignment of territorial staff managers has not been completed, but includes Ned Evans in the southwest; E. C. Russell in the east; J. C. McKinney operating from Cleveland; Gilbert Johnson on the Pacific Coast; Ned Alvord, Harry Anderson, Forest C. Murrill and Norman Sugg in the middle west; D. B. Hornaday in the Memphis area, and M. F. Davis in the Vancouver territory.

"Let's Plan Our Work"

(AT THE CONVENTION)

"And Work Our Plan"

(AFTER THE CONVENTION)

JUNE 16-19

FRANK M. MAYFIELD
One of the Principal Speakers

Convention Headquarters

The New Hotel Jefferson, known as "The Aristocrat of St. Louis," has been chosen as the most appropriate for the N. R. C. A.'s Annual Convention. You will find illustrated on the next page an exterior view of the hotel, the rotunda, a typical room, the conference room, and the banquet hall, the scene of our annual banquet on the evening of June 18th. Every modern convenience will be at your command, amid surroundings that will make your stay in St. Louis a delightful memory. It is located at Twelfth and Locust, convenient to shopping, business and theatre districts.

Rates: Room for one with bath—$3, $3.50, $4, $4.50, $5, $6. Room for two with bath—$5, $6, $7, $8. Room for one with tub and shower, $4, $4.50, $5, $6. Room for two with tub and shower, $6, $7, $8. Room with bath, twin beds—$5. Room with tub and shower, twin beds—$7, $8.

This is going to be a good year for merchants to do some clear thinking. Most of our problems can be solved by analysis; few by fretting or worrying or stewing. Volume and profits are certainly not going to come easily. The probabilities, in most stores, are that the former cannot be increased, and that the latter will show gains only by better methods of internal operation.

Many a good store is going after volume, at all costs, and in so doing is yielding to the temptation of an opportunistic sales policy. Distressed merchandise, flamboyant promotions and the old "hurrah" efforts can ruin a reputation for good merchandise that has been years in the making.

Planned stocks of price-right and fashion-right merchandise will stand out in this year of hectic effort, and will leave the store using them in better condition for the competitive race in 1932.

Let's "plan our work and work our plan."

Let's remember that we will be in business next year and for years afterwards serving the same clientele.

Let's adopt no store policies now for which we will be sorry when business is normal again.

—*Dry Goods Economist.*

Other Good Hotels

Hotel Statler is one of St. Louis' longest established first-class downtown hotels; located at Ninth and Washington, convenient to shopping, business and theatre districts; just four blocks from Convention Headquarters; every modern convenience and service.

Rates: Single rooms with shower, $3, $3.50; with shower and tub, $4, $4.50, $5, $6. Double rooms (double bed) with shower, $4.50, $5; with shower and tub, $6, $6.50, $7, $8. Twin bed rooms (for one or two) with shower, $5.50; with shower and tub, $7, $8, $9, $10.

Hotel Lennox, St. Louis' newest hotel, at Ninth and Washington (opposite Hotel Statler) is convenient to shopping and business districts, just four blocks from Convention Headquarters. All rooms have outside exposure, tub and shower, and all other modern conveniences for your comfort.

Rates: Single rooms, $3, $3.50, $4, $4.50. Double room (double bed), $4.50, $5. With twin beds, $6, $7.

Hotel Mayfair is under same management as Hotel Lennox; located at Eighth and St. Charles in the heart of business, shopping and theatre district, four blocks from Convention Headquarters. All rooms have outside exposure, modern conveniences—comfort.

Rates: Single rooms, $3 to $6. Double rooms, $4.50 to $8.00. Rooms at $3 and $3.50 equipped with shower; from $4 up, equipped with shower and tub.

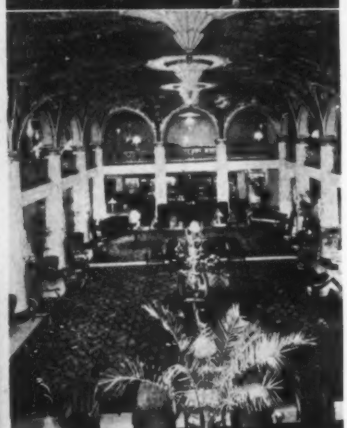
If You Come by Train

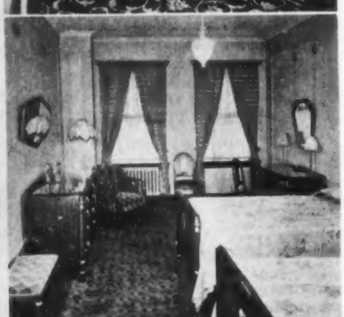
Railway Rates—The railroad companies have very kindly offered the fare-and-a-half rate to all delegates; that is, upon payment of full incoming fare, a stub will be issued entitling passenger to 50 per cent discount on return trip fare.

NOTICE: Transportation from Union Station to Hotel Jefferson will be furnished all delegates attending the convention. See Reception Committee in the rotunda of the station for cab tickets.

If You Come by Motor

The Jefferson Plaza Garage, operated by the Associated Motor Terminals Company directly behind Convention Headquarters will store your car for $1.00 each 24 hours with the service of an adequate and experienced personnel. This convenient and modern motor terminal will make your motoring trouble simple. Your car will be well cared for right behind the Convention Headquarters. You may take it in and out as you please.




CONVENTI

Tuesday Morning, June 16

9:00 **Assembly.**

9:30 **Call to Order,** by President A. D. McMullen.

9:35 **Invocation**—Right Reverend William Scarlett, LL.D., Coadjutor Bishop of Diocese of Mo.

9:40 **Welcome to Saint Louis**—Walter B. Weisenburger, president, St. Louis Chamber of Commerce.

10:00 **Response,** by Giles C. Driver, Cleveland, Ohio, credit manager, the May Company.

10:10 **Reports of Officers.**
Announcement of Committees:
By-Laws.
Resolutions.
Credentials.
Nominating.

10:20 **The Keynote of the Convention—"Faith, Nerve, Vision,"** by David J. Woodlock, St. Louis, manager-treasurer, National Retail Credit Association.

10:30 **"Let's Plan Our Work and Work Our Plan,"** by Frank M. Mayfield, St. Louis, president, Scruggs-Vandervoort-Barney Dry Goods Company.

11:00 **"The Advantages of a Definite Due Date,"** by a past president of the National Retail Credit Association.

11:15 **"The Credit Man and the Business Cycle,"** by Clyde Williams Phelps, Chattanooga, Tenn., University of Chattanooga, Division of Research.

12:00 **"A Handshake From the Wholesale Credit Men,"** by Orville Livingston, St. Louis, secretary-treasurer, St. Louis Association of Credit Men.

12:15 **Announcements.**

12:30 **Adjournment.**

Wednesday Morning, June 1

8:30 **Assembly.**

9:00 **Reconvene**—President A. D. M

9:05 **Report of Finance Committee**— Lawo, Memphis, chairman; John Gerber Company.

9:20 **"Progress of Retail Credit Repor** Charles M. Reed, Denver, c Service Department Committ ager, Retail Credit Men's As

9:40 **"The Importance of Credit in** by Sidney R. Baer, St. Lo president and treasurer, Stix Fuller Dry Goods Company.

10:10 **"The Credit Department of th Reserve Bank,"** by William ney Martin, governor, Th Reserve Bank, St. Louis.

10:40 **A demonstration of an internati munications hook-up for secur information under Gates director of public relations Po graph-Cable Company.**
A fully equipped telegraph a battery of teletypewriters a telegraphic survey of cre tions in all parts of the world and receiving messages demonstration. The course messages and time elapsed electrically visualized on la The entire United States, countries and even ships a be contacted.

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Service De nt

This convention program is arranged with thoughts of utility and convenience uppermost.

Morning sessions will be general. Credit executives, bureau managers and collection department managers will meet together for the general convention program.

Tuesday, Wednesday and Thursday afternoons will be given over to group conferences.

The committees who had the preparation and arrangement of this program in hand believe that it is a constructive and educational one. Speakers have been selected because of their intimate knowledge of the subjects which they are to discuss.

Tuesday Afternoon, June 16

1:30 Call to order.

1:35 Introduction of members of Service Department and Supervising Collection Service Department Committees.

1:45 Appointing of committees:
1. Rules and Regulations.
2. Nominations.
3. Telegraphic Code.
4. Resolutions.
5. Standard Forms and Systems.
6. Special.

2:00 Greetings—From President McMullen ger-Treasurer Woodlock.

2:15 "Co-ordinating Work of State and Nat ciations."

2:45 "Publicity—Selling 'Em and Keeping
(a) Present members.
(b) Prospective members.
(c) Consumers.

3:15 "Experiences and Observations of a tary."

3:30 "Different Types of Reporting Service for Each."

4:00 "Regional Organization for the Deve Consumer Reporting."

4:15 "Collection Procedure."
(a) Letters.
(b) Phone.
(c) Outside investigation.
(d) Special.
(e) Court.

4:45 "Standard Forms and Systems Exhibit.

5:00 "New Ideas in Bulletin Service."

5:30 Quiz.

6:00 Announcements and adjourn.

Wednesday Afternoon, June 1

1:30 Call to order.

1:35 Appointing of committees:
1. Rules and Regulations.
2. Nominations.
3. Education.

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Report
Adjour

Call to
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PROGRAM

"Humanism in Service and Collections," by Con O. Lee, Ph. D., Litt. D.

"Economy in Operation of the Credit Department," by J. G. McBride, Wichita, Kans., controller, The Geo. Innes Company.

Reading Replies from Telegraphic Survey.

Report of Nominating Committee.

Convention Photograph.

Thursday Morning, June 18

Assembly.

Reconvene—President A. D. McMullen.

Report of Credentials Committee.

Report of By-Law Committee—H. J. Burris, Kansas City, chairman.

National and State Legislation—James R. Hewitt, Baltimore, chairman, Legislative Committee, National Retail Credit Association; credit manager, The Hub.

Bankruptcy—R. Preston Shealey, Washington counsel, National Retail Credit Association.

"An Analysis of Accounts Charged to P. & L. by Retail Merchants," by Arthur H. Hert, Austin, Texas, Bureau of Business Research, University of Texas.

"The Returned Goods Evil," by P. H. Carr, Minneapolis, credit manager, Standard Clothing Company.

"The Present Economic Trend in Business," by Honorable Franklin P. Fort, former Governor of New Jersey.

Training Credit Department Personnel—Guy H. Hulse, St. Louis, secretary, National Retail Credit Association.

Election of Officers and Directors.

Announcements.

Thursday Afternoon, June 18

2:00 **Open Forum**—H. W. Hoklas, Minneapolis, chairman; credit manager, Young-Quinlan Company.

All groups meet together.

General discussion of

Policies.

Practice and Operation.

Charge Sales Promotion.

Equipment.

Collections.

Legal.

Accounts Receivable.

"Merchandise Control," by E. A. Wagner, St. Louis, vice-president, Touche Niven & Company, certified public accountants.

"Credits, Collections and the Law," by Lawrence McDaniel, St. Louis, counsel, National Retail Credit Association.

Friday Morning, June 19

8:30 **Assembly.**

9:00 **Reconvene**—President A. D. McMullen.

9:10 **Action on Report of By-Law Committee.**

9:30 **Recommendations From Group Meetings** H. W. Hoklas, General Group chairman; credit manager, Young-Quinlan Company, Minneapolis.

10:00 **"Eliminating Misspelled Names,"** by William C. Waugh, Russell-Soundex Department, Remington Rand Business Service Company.

10:30 **Report of Resolutions Committee.**

10:45 **Where Do We Go Next Year?**

11:00 **Unfinished Business.**

11:30 **Installation of New Officers.**

12:00 **Adjourn.**

De nt Program

4. Grievances.
5. Standardization.
6. Legislation.
7. Ethics.
8. Uniform Retail Rates.
9. Forwarders and Forwardees.

"When and How to Salvage Lost Dollars by Legal Action."

Quiz.

"Maintaining Collection Volume During a Depression."

Quiz.

"What Collection Files Are Essential and How Handled—When Should a Claim Be Returned to Client?"

Quiz.

"Proper Procedure in Forwarding Accounts."

Quiz.

"Legislative Difficulties and Uniform Licensing Law."

"Getting Accounts for Collection and Equitable Commission Rates."

Report of committees.

Adjourn.

Wednesday Evening Smoker

Call to order.

Questions and answers regarding national consumer reporting.

Questions and answers regarding consumer collections.

Thursday Afternoon, June 18

1:30 Call to order.

1:35 Demonstration:

During this demonstration delegates will have an opportunity of seeing a modern credit bureau in operation. This includes likewise the functions of a loan and collection department.

Characters:

Bureau manager.
Visiting bureau manager.
N. R. C. A. field man.
Customer.
File clerk.
Turret board reporter.
Telautograph operator.
Investigator.
Foreign clerk.
Loan department manager.
Collection department manager.

3:00 "Modern Bureau Accounting."

3:30 Quiz.

3:45 Report of committees:

Nominations.
Rules and Regulations.
Telegraphic Code.
Standard Forms and Systems.
Special.
Resolutions.

4:15 "Co-ordinating Merchant Activities."

4:45 "Employes' Manual—Its Use and Advantages."

5:15 Quiz.

5:30 Adjourn.

ENTERTAINMENT

Boat Excursion « Opera
Golf « « Teas

For the Ladies

Tuesday, June 16— A bus ride and luncheon. The buses leave the Jefferson Hotel at 11 a. m., pass points of interest and stop at Shaw's Garden and other unusual places. At 1 o'clock, luncheon at Joe Garavelli's. This is the joy spot of every young St. Louisan, where real Italian food is served in a most charming environment. After lunch a visit to the Jefferson Memorial, where Lindbergh trophies are enshrined.

Wednesday— Tea from 3 to 5 o'clock at the Town Club (St. Louis Business, Professional and Homemaker's Club. The building, owned by the club, is one of the accomplishments St. Louis women are proud of). At this tea there will be entertainments by Mrs. Ruth Wonder, the Credit Association song bird, and Mrs. Aszman of East St. Louis, who will demonstrate the theromin, a fascinating instrument with which the music is seemingly picked from the air.

Thursday—Matinee at the Ambassador Theatre.

Dr. Con O. Lee, who will address the convention on Wednesday morning, June 17th, on the subject, "Humanism in Service and Collections," says that he is a Florida Cracker by preference although he was born in Illinois.

His talks have been enthusiastically received by credit associations from Tampa to Seattle, and he opened the school for the Retail Credit Men's Association of Dallas, Texas, more than two years ago.

We do not want to anticipate his message, but we can say this after a personal interview —to-wit, namely and viz:

It is something entirely different from any of the cut and dried methods of the past; it pulsates with life; it will make you laugh; it will make you think; it will make you ashamed of some of the silly mistakes you have made in the past—and above all it will show you the human side of credit management and be an inspiration for future work.

And we can add this in conclusion.

Whether you agree with him or not you will enjoy every minute of the time he is on the platform—and he has promised us that he will devote the last fifteen minutes of his address to answering questions after the manner of an open forum.

DR. CON O. LEE
Something Different

For Everybody

"A Get-Acquainted Moonlight Excursion, evening June 15, on the Mississippi—"The Great Father of Waters"—so christened centuries ago by the Indians who silently paddled their canoes up and down this mighty stream. Now—what a contrast—the palatial Steamer J. S.—music—dancing—gaiety — popcorn — greeting old friends and making new ones. Don't miss it! 9:00 p. m.

Municipal Opera, evening of June 16—An idea pioneered by St. Louis—America's most foremost outdoor opera with its great revolving stage and seating capacity of 10,000 in a beautiful natural setting in the heart of one of the greatest parks in the world.

A great symphonic orchestra—a chorus of eighty St. Louis girls and boys—an all-star cast for each production—Mr. J. J. Shubert, director.

We are happy to announce that arrangements have been made for the attendance of N. R. C. A. delegates of the performance, on the evening of June 16th, of "Music in May," a delightful entertainment, at 8:00 p. m. Another pleasant memory of your Nineteenth Annual Convention.

Annual Banquet and Entertainment evening of June 18—Banquet Hall, Jefferson Hotel — Hon. Clyde Kelly, speaker. 7:00 p. m. Jugglers, acrobats, comedians, toe dancers, choruses, magicians, dancing and music.

Points of interest for those with time to spare. **Forest Park,** including the **Zoo,** the **Jefferson Memorial** (housing Colonel Lindbergh's trophies), the **Art Museum,** guarded by the famous Statue of St. Louis; **Shaw's Garden; Chain-of-Rocks** (Municipal Water Works); **Jefferson Barracks,** with Citizens' Military Training Camp; and many others. Do not hesitate to ask for information.

National Headquarters of the National Retail Credit Association are located just two blocks south of Convention Headquarters, occupying practically the entire sixth floor of one of St. Louis' newest skyscrapers, the Missouri Pacific Building, 1218 Olive street. You are cordially invited to come in and visit the National Offices while in St. Louis.

THE CURRENT TREND
of Retail Business

This is Hopeful

Practically all statements from official and financial headquarters indicate that the country is on the up-bound and that good times may be seen peeping around the corner. Let's hope that this is not another case of mistaken identity.

ONCE again last month the pessimists got in their "licks." In consequence, the graph of general business—retail along with the rest—experienced a dip in its morale, though it is not at all certain that this will be reflected on its books.

We Have Seen the Worst

The crepe hangers have been about again with their woe-begone moans and predictions of further crisis in store for us. But for the predominating idea among those who are in a favorable position to make a good guess, if not indeed a dependable prophecy, is that we have very certainly seen the worst and that these threats of a renewed debacle are, in very truth, good news since they regularly accompany the beginning of a return to better times.

A Sure Indication

A decidedly quickened demand for industrial electricity has been in evidence which would seem to be a sure indication of a quickened pulse in the industrial field.

Retailers Must Exert Themselves

Says the *Business Conditions Weekly* as of April 18th: "The upward trend of business which began in January is now becoming less obvious, due to the usual seasonal slackening which occurs with the approach of summer. There is little evidence, however, that fundamental improvement has been halted or that business is facing a renewed decline of more than seasonal proportions."

We are not above saying that retailers will have to exert themselves to combat mid-Summer inertia, but there is little or no evidence that this necessity will be greater than last year. Indeed the Department of Commerce expects that it will be less.

Inventories are Lowest Since 1922

Dr. Julius Klein, the Assistant Secretary of Commerce, expects large scale buying by retailers in the near future to replenish depleted stocks. If that proves to be the case, it will naturally have two results: Increased production and higher prices. Dr. Klein points out that inventories are lower today in retail stores than at any time since the early part of 1922.

Says he: "We are in the convalescent stage after a prolonged economic illness. We should be well astisfied if our improvement is gradual at first, rather than speedy. Under such unspectacular conditions, we are far less likely of having another relapse."

Manufacturers' Stocks are Also Low

President H. T. Parson, of the F. W. Woolworth Company, says there is little distress merchant hanging over the market and that not only are retailer-stocks low but manufacturer-stocks as well.

The National Industrial Conference Board has concluded that the sharp world-wide decline in commodity prices was halted in the opening months of this year.

Second Quarter of This Year Will Beat Last Year

Regarding the months ahead, Dr. Klein goes on record in this wise: "In all conservation I may say that, unless important breaks should occur . . ., it seems likely that activity in the second quarter of the present year will slightly exceed those for the first quarter and that business in the fall will be unmistakably on the upgrade."

Less Lapsing of Insurance

President Edward D. Duffield of the Prudential Insurance Company says that fewer insurance policies are lapsing today than at any time since the beginning of the present break. He gives it as his sincere belief that the long-waited improvement has undoubtedly set in.

Department Stores Sales Increased in March

The Federal Reserve Board reports that department store sales increased in March by approximately the estimated seasonal amount.

Eleven Leading Chains 4 Per Cent Ahead

The sales of eleven leading chain store organizations were 4 per cent ahead for March over those for the same month last year. And there was an excess in our exports over our imports in February, a significant change.

The Great Atlantic and Pacific Tea Company sold to the tune of $1,065,806,885 gross last year, an increase over $12,000,000 over 1929.

Automobiles Moving

The automobile business, which affects the retail buying power of tens of thousands of families, is going ahead at last reports. Chevrolet stepped up its April schedule from a contemplated 81,000 units to one of 95,000 and may easily exceed even that when the final figures are available. General Motors sales in March topped those for February by 47 per cent.

The Annalist Index of Business Activity sets a figure of 74.5 for January, of 76.1 for February and of 77.4 for March. That is certainly not a spectacular advance but it is steady and healthy.

Business Was Worse Than It Was Painted, but Is Now Better Than It Seems

Poor's Weekly Business Letter points out that March statistics show that the month's losses in production and distribution were markedly lower than in the previous month and says: "This fact should afford cheer to the man who is looking forward to the time when the monthly figures of business activity in the United States will show the decreases narrowing until at last they give way to increases."

WASHINGTON BULLETIN

M A Y, 1 9 3 1

By R. PRESTON SHEALEY
Washington Representative N. R. C. A.

Foreword

EVERY cloud has its silver lining and the present depression is no exception to the rule. There is a marked tendency now under way in administration of large municipalities and State units of America toward increasing efficiency and a larger return for the taxpayer's dollar. While even in those cities and states where no distinct trends in this direction are as yet discernible faults of administration have however been uncovered which time is almost certain to rectify.

In business, some large corporations that were thought to be efficiently managed have turned out to be the reverse and faults are in process of correction. Here and there a number of small corporations have stood up exceptionally well under the stressing strain of bad times. This feature of the depression both as it relates to administration of public and private affairs causes many to wonder whether or not large units of both have not reached the maximum of growth permitting real efficiency.

Of value in this connection will be the four-year nation-wide survey of the portion of the taxpayer's dollar allocated to education and which survey is to be conducted by the Bureau of Education of the Interior Department with a $250,000 Congressional appropriation.

Legislative

(a) Congress is not in session but many of the State Legislatures are functioning and from time to time are developing interesting facts. In North Carolina legislation has been proposed establishing a sales tax for that State. Governor Gardner of that State in an address before a joint session of the Legislature, speaking with reference to this type of taxation, opposed it as "fundamentally unsound in principle." He also said that "it relieves those whose ownership of property is well above the average and gathers from those who are below the average or who own no property at all" . . . "I cannot favor any system of taxation that imposes this additional burden on the retail merchants of North Carolina, and that penalizes business within and encourages business without the State."

(b) The Governor of Alabama has suggested to the members of the Legislature of that State the appointment of a commission to co-operate with a similar commission from the State of Tennessee and from a representative of farmers organizations and of the Engineer Corps of the Army in an endeavor to work out a solution of the Muscle Shoals problem. In vetoing the Norris bill relating to Muscle Shoals, President Hoover made a suggestion of this description and Governor Miller in announcing his proposed action recalled attention to this suggestion of the President.

Departmental

(a) A report recently released on the distribution of dry goods in the Gulf Southwest reveals that half of all the dry goods business in retail stores is found to be on a cash basis. The survey comprises wholesale and retail marketing and distribution outlets in this area with almost one-half billion dollars in net sales. In addition to market analyses, the study gives a thorough description of operating methods actually in use in this area, and is in line with the efforts of the Bureau of Foreign and Domestic Commerce to provide accurate data upon which merchants and manufacturers may base methods of efficient marketing. The report includes a discussion of operating expenses for retail stores, net profits, department leasing, sales by departments, kind and extent of credit business, and mail order business done by retail stores. It is interesting to note that out of the 376 retail dry goods stores covered in this report in the year of 1928 cash sales vary immensely and the installment sales directly with the involving of net sales. In the group of stores with net sales of less than $500,000 installment sales are negligible; while in the group of stores with net sales of less than $100,000 installment sales are nonexistent.

Open account collections for the year is 45 per cent for stores with net sales over one million dollars and 40 per cent for stores with sales less than one million dollars. One of the most striking facts brought out in relation to retail distribution is that retail stores with sales volume of less than $250,000 have the lowest ratio of returns allowances, while the ratio constantly increased with the increase of sales volume. Other problems of the dry goods retailer which are dealt with in detail in "Distribution of Dry Goods in the Gulf Southwest" include extension of credit, advertising and sales promotion, education of salespeople, free services, department leasing, special sales events, and mail order business.

(b) In the same pamphlet the Department of Commerce has this to say in regard to department store leasing: "Retailers generally agree that there is a distinction between the leasing of service sections or departments and merchandising sections or departments. Until a few years ago leasing in retail stores was restricted, as a rule, to the purely service sections. For example, in the larger stores having such features, as beauty parlors and pattern sections, these departments are practically all leased, for they are looked upon as unrelated to the main business of merchandising. Leasing has grown in the stores of the Gulf Southwest to cover over 65 different lines. It extends to radios, electrical specialties, and mechanical appliances and has even reached departments carrying style mer-

chandise, such as jewelry, leather specialties, furniture, shoes, men's clothing, and millinery. The practice has been extended, in some instances, even to women's cloak and suit departments."

(c) Of the 60,548 bankruptcies in the United States during the past year as shown by statistics of the Department of Justice 29,067 or 48 per cent were wage earners. Total assets realized from the one billion dollars was 11 per cent of proved claims and less than 9 cents on the dollar distributed to creditors. R. G. Dun's figures on mercantile failures for January, 1931, show: Bankruptcies, 2,367; assets, $26,-538,796; liabilities, $48,354,290; receiverships, 208; assets, $31,896,062; liabilities, $36,949,-519; assignments, 501; assets, $3,135,464; liabilities, $5,280,771; all others, 252; assets, $1,888,489; liabilities, $3,992,826; all types of liquidation, 3,328; assets, $63,458,811; liabilities, $94,577,406. For February, 1931: Bankruptcies, 1,658; assets, $15,568,881; liabilities, $33,330,234; receiverships, 167; assets, $12,979,347; liabilities, $16,711,473; assignments, 438; assets, $2,363,251; liabilities, $4,454,149; all others, 300; assets $2,650,469; liabilities, $5,153,753; all types of liquidation, 2,563; assets, $33,561,948; liabilities, $59,649,609. In a current study of the Department of Commerce in Boston there are completed 633 cases as of April 18th that have passed through the Bankruptcy Court. In Chicago over 650 cases have been completed.

(d) Returns in connection with the Census of Distribution develop the interesting fact that two thirds of the retail business is still handled by independent stores. Chain stores, however, seem to be obtaining a larger share of the business in the large cities than in the smaller centers and in cities of 250,000 or over have 19 per cent of the retail business but in cities from ten to thirty thousand around 13 per cent.

(e) So far as the executive branch of the Federal Government is concerned the voluntary reduction of oil imports and proration of domestic reduction by agreement will not be interfered with by the Department of Justice. Attorney General Mitchell on April 21st made the statement that the plans as proposed at the recent conference here in Washington and adverted to in the March bulletin will not be violative of the Sherman Anti-Trust Law.

Court Decisions

(a) Attention was called in the last bulletin to the case of Hans Rees Sons, Inc. v. State of North Carolina in which the Supreme Court heard argument on appeal from the Supreme Court of North Carolina on the income tax law of that State. The appellant corporation contended that its profit "was derived from three sources, buying profit, manufacturing profit, and selling profit." The corporation conducted both a wholesale and retail business, part in North Carolina and part in New York, and contended that the North Carolina State Tax Commission in taxing 80 per cent of the net income had acted arbitrarily and unreasonably. The North Carolina State Tax Commission and the Supreme Court of that State apparently insisted on the unitary theory of corporate income, but the opinion of the Supreme Court, as delivered by Chief Justice Hughes, would not accept that theory of the case but held that in several states the tax must be confined to that portion of the income reasonably allocated to the state which is exerting its power to tax. It appeared in the instant case that while testimony was produced tending to show that only 17 per cent of its net income was derived in North Carolina yet the books of the corporation accountants had made no attempt to segregate the income as to State sources. It seems to the writer from the manifest tendency in taxation toward state income tax laws accountants should pay particular attention to this decision and set up a system which would allocate to the various states in which the corportaion does business that proportion of the income derived in each particular state.

(b) On April 15th, in Construction Company v. Vincennes Bridge Company, argument was heard involving a question of considerable interest to credit grantors of building material lines. The facts in this case show that a bond was given by the Construction Company with corporate surety which among other things contained a provision reading in part as follows: "and shall pay all persons who have contracted directly with the principal for labor or materials." It was argued in this case that this provision permitted sub-contractors to bring suit against the surety while the surety company contended among other things that the obligation of the bond in this respect did not permit suit by sub-contractors. The decision will be of value to the building material trades, whichever way it goes.

(c) Attention has been called in a previous bulletin to the decision of the Supreme Court of the District of Columbia modifying the decree of February 27, 1920, in the so-called Packers Case so as to permit the packers to wholesale food products. Permission has been granted to permit the intervening wholesale grocers' associations to appeal to the Supreme Court of the United States. This case is known as United States v. Swift & Company et al. and appeal from the decree by the United States was also authorized on March 23rd by the Solicitor General.

Only Eight % of American Families Pay Income Tax

Even though 1929 was a peak year, ninety-two out of every hundred American families were unable to earn enough to require filing a personal income tax report. They averaged only forty-one dollars a week, while the income of the lucky remaining eight families reached an average of two hundred dollars a week.

In 1929, generally considered as a prosperous year, only eight out of every hundred of the Nation's families could be considered really prosperous. The other 92 made a nice living so long as no emergencies such as sickness or unemployment arose.

The Failure of The Economists

"THE capacity of the human brain never ceases to astonish. The scientist will tell you indifferently the size of our local universe or the size of the nucleus of an atom, so small as to be equally far removed from our natural receptions. It seems almost that we know more of the unseen world of science—a world not merely invisible, but pictorially unimaginable—than we do of the every-day world of our senses. We know more about the velocity of an elecron than we do about the velocity of money. We know far more about the cycle of the earth about the sun and the sun about the universe than we do about the cycle of trade.

We can predict the movements of unseen and inconceivably remote heavenly bodies with vastly greater accuracy than we can predict the end of the trade slump. Why is this? Why should the economists be so incapable of handling material that is, relatively speaking, under their noses? The full extent of their failures does not seem to be generally realized. The particular problem presented by the trade slump is not even a problem of hidden natural law. It is a problem of defective human organization, easily capable of solution, one would have supposed, as a problem of transport or electricity charging or the planning of a factory. The astonishing thing is that there should be a problem of this kind at all.

It used not to exist. Indeed, it would be difficult to imagine how a primitive community could be made to suffer simultaneously from unemployment and want, from excess of capacity to produce and deficiency of capacity to consume. How this foolish paradox has become one of the accepted facts of experience is not understood. In some way the machinery for the exchange of goods has, with increasing complexity, got tangled up in itself. But how, where? If the economists had been half as successful as the investigators of physical law, we should know all about it. And human happiness depends far less on knowing how to control the waves of the ether than on how to control those of business activity.

"He Who Can Learn Naught from Other Men Must Be Exceedingly Wise or Exceedingly Foolish"

By JOHN W. BYNG

Someone has said that, "A man's judgment is no better than his information."

I believe we can prove in many cases his information is better than his judgment, or else, he fails to profit by the information available.

The conception of "credit" according to a vast army of people is "charge it," and that good old-fashioned uneasiness and dissatisfaction when one is in debt seems to have disappeared and everybody seems to know that everyone else is buying so easily on open or installment credit.

"Credit is the transfer of a commodity or form of service involving the return of its equivalent at some future time and the date of the return of the equivalent should be definitely stated and understood."

Open account, installment account, banking or trade acceptance has reached a tremendous volume and apparently is steadily increasing, to the end that those granting credit frequently sell credit terms rather than merchandise or service and allow the customer to dictate his own terms and manner of payment.

We are somewhat old-fashioned in that we have always understood merchandise sold on open charge account was a courtesy and a convenience accorded us by the tradesman and was presumed to be paid for in thirty days, in full, or on or before the tenth of the month following date of purchase, and yet a careful survey reveals the fact that the average thirty-day charge account remains on the books 68 to 73 days and we are also told that if these accounts could be reduced to fifty days instead of the present average the saving in interest alone would amount to one hundred million dollars per year as the Department of Commerce Credit Survey revealed fifteen billion dollars outstanding at all times on charge accounts in this wonderful country of ours.

A speaker at the Toronto convention last summer, Stanley Latslaw, president of the Butterick Publishing Co., New York, referred to the "suckers" who paid their bills promptly; he had heard so much said about the slow pays that he came to the conclusion only the "suckers" paid on time.

I contend that every prompt pay customer on your books is penalized; if you do not enforce prompt payment of accounts the delinquent debtor should be charged interest on the past due balance or the prompt pay customer is entitled to a discount for remitting on time and I also believe the millions saved by speeding up collections could be passed on to the consumers in lower prices for merchandise.

(Bankruptcy.)

Now, suppose we analyze bankruptcy; one of the disgraceful and obsolete laws on our statute books that should be amended or repealed. For a period of one year ending June 30, 1930, more than fifty thousand bankrupts passed through our courts, not counting state

and local courts where failures are often quietly recorded.

Some one has said, "In this country we examine our bankrupts in private, discharge them in private and tell them to go do it again."

Total amount involved for year	$948,257,731
Creditors received	118,572,409
Economic loss to the nation	$829,685,322

I speak of economic loss advisedly; such a commercial scandal and disgrace affects each and every one of us, however remotely.

By what yardstick are we going to measure this tremendous bankruptcy loss?

Suppose we take the American sugar industry, which amounted during the year to $738,000,000. Bankruptcy losses exceeded this figure by ninety-one and one-half million dollars; to be exact $91,685,322.

I am not talking about granulated sugar, brown sugar, cane sugar or beet sugar, or just the output of the American Sugar Refining Co.; I am speaking of the entire industry, from lollypops to waffle syrup.

Maxwell House coffee is claimed to be "good to the last drop," but I submit you prefer sugar in it and the economic loss to the nation in bankruptcy is far greater than if we were deprived of sugar entirely for one year. I ask you to think back to the days of the great war and the limit placed on sugar consumption.

We will now consider credit affairs in a typical city of sixty thousand population. Four justice courts recorded judgments, largely on retail accounts, for 313 business days, a grand total of $145,194.44, or an average of $463.88 for each business day, and of this only $23,231.11 will ever be realized for creditors by garnishment, attachment or by voluntary payment—a net loss of nearly $125,000 per year.

I believe these figures will hold good in the average city, and we are truly thankful for Sundays and holidays, as they are spared this disgrace.

The total fire losses for the same period in the same city amounted to only $119,086.65—largely covered by insurance.

For the same period sixty-four bankruptcy cases in the district court revealed a loss of nearly $232,000.

What's wrong?

I believe indefinite terms and careless credit granting is a large part of the cause.

Is a man's judgment as good as his information?

The National Retail Credit Association has twelve hundred affiliated credit bureaus, boasting of more than sixty million credit cards; the large majority of these showing an honest report and while we are told by government figures that 89 per cent of the American people are living beyond their means we have also proven by credit records that 98 per cent of the people are honest and will pay their debts if their accounts are contracted upon their ability to pay, and yet history tells us that Diogenes roamed the streets of Athens with a lantern in his hand looking for an honest man.

Athens did not support a credit bureau and a great many of our modern merchants are inclined to overlook their facilities and their information in seeking volume and are failing to enforce proper credit terms.

Suppose we compare a bank loan with a merchandise sale?

Go with me to the bank and borrow $1,000 at 6 per cent and at the end of thirty days pay the banker $1,005. Bank has earned $5.00, or 6 per cent.

Take sixty days, as is done in merchandising, pay the banker $1,005. The bank receives the $5.00, but the interest earning is only 3 per cent and loss 9 per cent, as it should have received 12 per cent for the two months.

Wait ninety days, as is all too frequently done in merchandise sales, the bank receives $1,005, but only 2 per cent, and has lost 13 per cent.

Try a merchandise case.

Invest $100.00 in merchandise, mark it up 40 per cent and sell it for $140.00. That sounds fine.

You must allow 25.9 per cent for overhead or operating expense, and if sold and paid for in thirty days you have shown a profit of about 40 per cent and a stock turnover of four times per year will give you on thirty-day basis a 15 per cent return on the investment.

An account carried sixty days shows a profit of 7½ per cent, ninety days 5 per cent, with a definite net loss on the original investment.

Now, to briefly sum up the man and his judgment, let us state that in the tremendous volume of bankruptcy and justice court cases we have studied in our vicinity practically none of them created any surprise in the office of the credit bureau when filed for record; every day we see men and women pyramiding their accounts with merchants who prefer to use their own judgment rather than to profit by the experience of others and we are reminded,

"He who can learn naught from other men
Must be exceedingly wise or exceedingly foolish."

Other merchants to whom credit bureau records are immediately available take a chance on undesirable risks and tie up good capital in slow accounts and complain of profitless prosperity.

What is the remedy for what's wrong?

The credit fraternity must hang together.

Some great general said to his men, "We must hang together or we are pretty sure to hang separately."

Use your credit bureau. An eastern college says to students, "Curious freshmen make wise sophomores. If you don't know, ask."

We should remember, credit is a courtesy and a convenience, not a crutch.

There was a time when co-operation in business was a sentiment; today it is an economic necessity.

We should adopt the slogan, "Prompt Payment Promotes Prosperity," and think of this "United we stick, divided we're stuck."

FUEL FOR THE BUSINESS MACHINE

We are too often Influenced by Unauthentic Opinion Regarding Condition of Business. With a Little More Study and Reading Our Judgment and Therefore Our Business Should Improve.

"How's business?" is the question which starts most conversations today. Nor is this mere politeness. We all have a genuine desire to find out about the other fellow's situation because of the light it may throw on our own. The only trouble is that this random questioning is likely to be partial, inadequate and local—hence misleading. Never before was the need for an accurate picture of the facts about business conditions more important than now. Yet how many of us are at pains to get it?

To be sure, a profound grasp of the forces which determine economic conditions is not easily obtained, and the doctors disagree. But the responsibility of trying to relate broad economic facts to the special conditions of one's own business is upon each of us from the point of view of self-interest and survival.

I do not say that all such facts can be found in books. The statistical data required for each industry are found in its trade papers, in the special services which compile business statistics, and in the daily press. But the interpretation of that data is a task of economic analysis and evaluation for which the business executive can only be equipped by a study of the principles of the science of business operation. It is this science which is treated in books on economic and business topics. And with a little study any business man with a thoughtful turn of mind can pierce below the casual comments of business friends and come to a more adequate comprehension of economic trends and forces.

That we are not relatively a nation of readers is well known. And when it comes to special books on applied business topics, our reluctance to use the information at hand is pathetic. Do you realize that despite the tens of thousands of executives who control policies in corporations in this country, a sale of five thousand for a general business volume still has to be considered good from the publisher's standpoint? If four out of any thousand natural prospects for a volume closely related to their pocketbook interests buy that book, this has to be considered a fair average sale. And these are books, remember, that elaborate the operating technique and profit-making possibilities of a particular industry.

Why, then, isn't there more reading of business books?

All sorts of reasons are offered. Time is one of the commonest, but when a man tells me that he has no time to read, I always want to ask him if he has time to have gas and oil put into his automobile. The analogy is close. For wisely selected business reading supplies new power, new ideas, new lubrication for the running of the business machine. And without these no progress takes place.

—Ordway Tead in Factory and Industrial Management.

Following is a brief review of some magazine articles and books worth reading:

"Doubts on Installment Selling"

By Jesse R. Sprague, *Harper's*, April, 1931.

Has installment selling contributed to or detracted from our national, even local prosperity? A number of cited instances point the finger of accusation toward the latter.

The explanation for the withdrawal of a national paint-your-house campaign, based on partial payment financing; revelations of the so-called "borax" merchants who sell on time only to re-possess and in so doing to enrich themselves with the installment money collected; why installment selling is not popular in Europe and why their laws ought to be copied in this country, will focus your attention to some of the criticisms of this phase of retail credit.

Unlike our American ways, abroad it is not possible for a retailer to hold title in goods sold on installments. This forces the foreign merchant to be certain of the integrity of his purchaser prior to delivering the goods. The merchant can only sue on a debt—he has no right of re-possession.

Even though you may be a firm believer in the economic righteousness of retail credit, read what a prominent writer—also a successful merchant—has to say on the subject.

"How to Raise a Family on $1800 a Year"

By Priscilla Pennypacker, *Forum*, December, 1930.

What does it cost you to raise a family, provide for four mouths, the house-cat, canary, two low-witted goldfish and a horned toad? This has been done on $1800.00 a year by means of strictly cash purchases. Installment sales had their inning, however, in the purchase of the family home.

Many secrets are told about short cuts in household efficiency and skill in getting a full market basket for the least silver. Furthermore, the bookkeeping gesture known as the family budget is chucked aside with a merry laugh. Some retailers might object to this publicity which could undermine their sales but it is good reading, nevertheless, and well worth the effort to get the housewife's slant as the family purchasing agent.

"A Cure for the Doctor's Bills"

By Evans Clark, *The Atlantic Monthly*, October, 1930.

Unless the scheme goes against your Scottish instincts, there may be some degree of satisfaction in the proposed plan whereby you will pay your doctor bills in advance by means of installments. Under this plan you will forget the possibility of any illnesses and their accompanying expense. These little urchins, microbes or bacteria—whichever you wish to name them—will be a matter for only the doctor to worry about; it is his responsibility and his expense to get you back upon your feet again.

The doctor who heretofore has been losing sleep as well as money he could not collect in following his chosen profession will be assured of his income in advance; the patients or the insured will have all of the attention their cases require to restore them to their former condition of good health; everyone is paid promptly through the medium of installments and the world is made a better place to live in.

Whether the solution of the doctor's problem is handled in this fashion or not, there is an interesting article dealing with this subject which is recommended for your evening reading.

"Our Sick Industries"

By George S. Doriot, *Yale Review*, Spring 1931 number, Page 442.

Installment selling is again out in the spot light of controversy . . . now accused as one of the causes for our present economic up-set. Admitting that this plan of financing purchases has been instrumental in raising the standard of living the claim is advanced that it has also been one of the direct causes for lowering national purchasing power. This, it is claimed, has been achieved by drawing out family committments at an unfavorable time which will likely prove such a burden to recovery of normal business as to check purchases in the near future.

Were re-possessions and the number of failures to carry our installment contracts known, it is asserted that such concrete evidence would be convincing proof of this point.

Rome Stephenson (President American Bankers' Association) in *Selling Aid Digest*, March, 1931, Page 23.

Ample consumer credit is assured us so long as there is a visible margin between the earning power of our people and their respective cost of living. Perhaps the best explanation of America's position in the scale of international prosperity can be gleaned from the fact that only 30 per cent of our national earning power is required for living; the 70 per cent is available, therefore, for comforts and savings.

Contrast this condition with experiences in foreign countries: Europe requires 70 per cent of its total earning power for living while Asia demands between 80 and 90 per cent.

A NEW EXPOSITION OF MONEY, CREDIT AND PRICES. Prof. J. Laurence Laughlin, *University of Pennsylvania Press.*

Here is a very beautiful bit of book construction. The subject is far too voluminous for a mere comment review. The chapter on "John Law's Experiments with Credit" is vastly worthwhile. It is a highly scholarly and important treatise and less revolutionary than the recent *Treatise on Money* by Keynes. Prof. Laughlin is of the old school but it is unlikely that his conclusions will be disproved.

—*Business Briefs.*

HOW TO CURE THE BLUES. Roger W. Babson. *Collier's*, March 28. It's easy. The economic cycle is on an upward curve: it rises higher after each successive dip.

—*Business Briefs.*

THE CONVENTION SITUATION. *The New Yorker*, March 21. All those people you meet on trains and in hotel lobbies—they are all going to conventions except those who are coming from conventions. You, too, can surely find one that will fit your business needs.

—*Business Briefs.*

RETAILING AND DISTRIBUTION

SOLDIER BONUS LOANS HAVE BUOYED THE USED-CAR MARKET. *Automobile Topics*, April 4. The bulk of buying has been in the used-car field.

—*Business Briefs.*

THE MANUFACTURER ENTERS THE RANKS OF INSTALLMENT BUYERS. H. Bertram Lewis. *The Industrial Digest*, March. It is possible to select industrial risks with safety and the banking houses that handle installment paper are carefully studying the situation.

—*Business Briefs.*

—John McHugh Speech before the Cleveland Chamber of Commerce, February 18.

"The problem of credit control is the problem of opportioning the volume of credit to the needs of trade. When we expand credit beyond that, we invite difficulties of the kind we have seen, and reactions such as we now have. Cheap and excessive credit is one of the most dangerous things that a community can face.

"The United States of America will not stay long on a level of business as low as that of the winter of 1930-31, nor will the outside world. Part of our troubles are the unavoidable consequences of valid causes. Part of our troubles will not immediately disappear. But a large part of our trouble is the consequence of a paralyzing fear, unreasonable and partly unreasoning, and when this fear gives way to reasoned calculation of facts, business will speedily become very substantially better."

—*Business Briefs.*

How Many Good Credit Men know the Truth of This?

Back in the thirteenth century Roger Bacon named four principal stumbling blocks to comprehending truth: first, dependence on unworthy authority; second, yielding to routine; third, following common opinion, and fourth, hiding ignorance under the pretense of knowledge.

—From *Net Results.*

The Pace of General Business in the Last Twenty Years—

THE last twenty years have seen wonderful improvements in science, the standard of living and the developments which have taken place in commercial pursuits, but we have not paused to measure the change in general business during this period.

The *Manufacturers Record*, a well known publication catering to the development of the southern states, has printed a summary of census figures for fifteen different classifications of our economic wealth. These figures were in their respective units of millions or billions of dollars and as such were a bit bulky to comprehend. Transformed into simple percentages which measure the change from 1910 taken as a base one is able to get a clearer view of the trends of these factors.

The reader's attention is especially directed to this situation: Whereas population has increased 33 per cent over that recorded for 1910, building and loan association assets, representing one form of consumer credit, have increased 790 per cent. In a few instances there have been decreases from one biennial period to the next. In the majority of cases there have been well sustained increases.

The average rate of increase per year can be estimated in many cases by dividing the percentage shown under any one of the four columns by the number of years existing in the period extending from 1910 as for example: Savings deposits in 1929 had increased 298 per cent over twenty years which is comparable to approximately 15 per cent increase per year during that time.

The accompanying table shows the rate of increase for each of the fifteen factors.

Table Showing Rate of Increase in Economic Factors for Period 1923-1929 Compared to 1910 as a Base

	(Per Cent)			
Item	*1923*	*1925*	*1927*	*1929*
Population	9	25	29	33
Wealth	72	86	80	93
Mfg. Products Value	193	203	204*	231*
Mineral Products Value	200	185	178	193
Farm Products Value	96	91	93	87
Utility Power Output	227	287	383	473
Clearing House Exchange	141	193*	217	316
Banking Resources	141	177	203	221
All Bank Deposits	162*	206	234	249
Savings Banks Deposits	189	239	282	298
Bldg. & Loan Assn. Assets	222	483	656	790
Life Insurance (old)	246	337	431	552
Life Insurance (new)	410	507	572	665
Exports value	139	181	179	200
Imports value	143	171	169	183

*Medium averages.

Source: *Manufacturers' Record*, January 1, 1931, Page 21. Percentages by Horace W. Pote.

Is it Well to Transfer Accounts at a Certain Age to a Suspense Ledger and then Take Profit and Loss Accounts from this Ledger?

By WM. J. FISCHER

USUALLY the suspense ledger is the result of misdirected credit, therefore, a few words about credit at this time would not be amiss.

Credit is the most important factor in our present economic life. Credit made it possible for the American standard of living to be the highest in the world. Credit makes it possible for persons with moderate income to enjoy comforts that kings of old never dreamed could be experienced. Where do you think our countless big corporations would be at this time if it were not for this instrument credit? I believe, and think you will agree with me, discontinue credit and business would slump into a state of lethargy and retrogression never before experienced in the history of mankind.

Credit, the life blood of business, if extended intelligently to persons of honor and integrity is the most important service that can be rendered—creating dual blessings—satisfaction to the individual and profit for the merchant. On the other hand, careless and over extension of credit, brought about by excessive sales consciousness, do not create dividends but quickly offset hard earned profits and destroy the good-will of your customer.

Who is responsible for the handling of this vitally important necessity?

The credit man! You have often heard the remark "Good credit men are born and not made." But this it not so. The efficient credit man—that is, the one who will do justice to himself and his employer—is not he who has been favored as such by birth but rather who has taken advantage of the opportunities offered him by his local association and through his local association, and who has also digested the meaty information printed in the national monthly magazine.

The credit man who will not show some consideration in regards to an interchange of credit ideas will not go far because it is only by knowing what your competitors are doing and to whom they are selling that you are able to protect your business. The old-time notion "Every man to himself" can no longer be practiced. Now, the alert business men realize that their interests are identical with others engaged in the same endeavor and that by co-operation many weighty problems are easily combated and overcome.

As a credit man be fair to your employer, your customer, and yourself. Look upon your merchandise as real money and give the applicant the proper investigation. Do not by any means allow yourself to be the type to say, "Oh, we need not worry about getting a credit rating on So-and-So as he has considerable money," and do not be the smart aleck type of credit man who thinks he is in a position to pass upon an application without the assistance of the bureau. It is usually through these channels that the uncollectable accounts find their way upon your books.

When an account is in arrears don't allow the bug-bear fear of offending your customers and driving business away cause you to become lax but on the contrary put the proper pressure where it is needed in your collection efforts and you will find that not only will you cut your uncollectable accounts down to a minimum but you will place your customers in a position whereby they will have to come back, and will be glad to come back, to you for additional merchandise. Because by keeping your accounts up to date, or by forcing your customers to meet their payments when they are due, and to pay you, you are putting them in this position—when they will need additional merchandise their accounts with you will be in good standing whereas their account with the store whose credit man is afraid to press collections will be in arrears. Naturally, your store will then reap the benefit of his new business.

Should an account be transferred to a suspense ledger?

In the case of the small merchant I would say emphatically no! Because once transferred we set aside and forget its existence until the end of the fiscal year at which time it is charged off to profit and loss. We all know that it is human nature to put off and that natural inertia is accentuated by the fact that people, once the thrill of possession is over, dislike to pay their bills and it is only by continual and persistent efforts that they are forced to do so. Whereas we may consider an account uncollectable by transferring it to a suspense ledger it immediately becomes uncollectable but if we hold this account in our current ledger and persist untiringly the chances are in our favor that a substantial amount will be collected.

In the case of a large store where the number of hard accounts would be very great the use of a suspense ledger would be advisable providing certain clerks were designated to give their undivided attention to this ledger. And only after a thorough method of collections has been used and failed should they then be transferred to profit and loss.

It is well to know that accounts transferred to suspense ledgers are subject to tax whereas accounts transferred to profit and loss ledgers are not subject to tax as such accounts are deducted from your accounts receivable.

Let me refer you to the picture appearing on the title page of the February issue of the CREDIT WORLD, "On the Cuff." There was time when credit records were kept on the cuff and cleared at the laundry. You might just as well keep your records on the cuff if after a short period you resort to the suspense ledger, which would be nothing more than your substitute for the laundry.

Therefore, in my opinion, the suspense ledger should be dispensed with because in the case of the small company they should by no means resort to this ledger and in the case of the large company the use of the suspense ledger would be, in the method I advocate, nothing more than a division of the current ledger.

Carry your hard accounts in your current ledger where they will be before you all the time, use unrelenting persistency and sheer determination will pay large dividends. Should this method fail then transfer your account direct to profit and loss.

Where Ignorance Is Not Bliss

All bunk is the old saying, "What you don't know won't hurt you!" Detrimental things and inimical conditions that you know of in advance, you can guard against and often avoid entirely. Dangers of which you do not know, give you no warning, and hence may cause you trouble and disaster; for that reason, ignorance is always a danger.

Flies, fleas and misquitoes are little things, and while regarded as a nuisance for ages, were considered harmless. But multitudes have been carried off by diseases which they have communicated—ignorance, something the people did not know, but they were hurt just the same—the only solace is that they did not know what hurt them and ascribed the malady to malevolent spirits and the like.

Since the cause of most epidemics have been learned, those scourages, through the knowledge of how to guard against them, have been almost entirely eradicated. It is the same way with many other things that people do every day to their injury, but because of lack of knowledge are not guarded against.

Yearning to have every good thing that anyone else enjoys, prompts many to buy on credit beyond their ability to pay, and soon they are in financial circumstances which cause expense, loss, worry, sorrow and humiliation. That is a result of ignorance—of inability to figure out what they can afford.

Then there are people who through illness or lack of employment or other misfortune which cannot be foreseen, become involved and they do not know how to get out and rehabilitate themselves.

Reports from your credit bureau tell you all about your prospective customers and applicants for credit, and thus you are saved the nuisance and danger of "flies, fleas and mosquitoes." It is the things that you *do not know* that become most harmful to you. Ignorance is always a danger.

—*H. Orin Jones.*

A Budget Account Service for Installment Accounts

The "Budget Account Service" of an Eastern department store, described in "Methods of Collecting Retail Installment Accounts," provides for the purchase of coupon books in amounts ranging up to $1,500, with a cash deposit of not less than 20 per cent and the remainder on an installment basis. A carrying charge of 3 per cent is made for payments extending up to five months, with one-half of one per cent added for each additional month thereafter.

This service is in charge of a department separate from the regular charge account and deferred payment departments. A credit investigation precedes the issuance of a coupon book, which may be used for the purchase of merchandise throughout the store. Over the period of a year bad-debt losses under the plan were reported less than one-fourth of one per cent of total sales.

—*Department of Commerce Bulletin.*

Profit Vanishing Point on Overdue Accounts

An article in *National Footwear* describes a formula whereby a store can determine accurately how long an account may be overdue before the profit is consumed by interest, bad debt losses, and collection expenses.

The profit vanishing point is stated to equal the net profit on accounts receivable, multiplied by the number of days in the period, and divided by the cost of getting in the money for the period. It is pointed out that the formula can be computed by substituting percentages for amounts. Thus, if the net profit on accounts receivable is 4.5 per cent, the cost of getting in the money is 1.5 per cent, and the period is 30 days, the calculation shows that the profit will vanish in 90 days, and that money is being lost on any business under those conditions if its average collection period is longer than 90 days.

New Orleans Credit Man Once with Viking Sealing Fleet

Wm. J. (Bill) Drummey, manager of the collection department of the New Orleans Retailers Credit Bureau, tells of experiences in Newfoundland waters.

A vivid picture of the hazardous life of the Newfoundland sealers and the terrors of being stranded on the floating ice was painted the other day by a quiet-voiced New Orleans business man who once sailed with the sealing fleet off Newfoundland of which the ill-fated Viking that blew up a few weeks ago was a part.

He is William J. Drummey, known to many credit men over the country, and none, seeing him at his desk, would suspect that he once helped pull a sealing vessel through the Arctic ice.

Bill was a much younger man then; it was 20 years ago when he signed on the sealer Eagle, which was one of the ships that rushed to the rescue of the Viking's crew after the explosion that cost several lives, including an American film director.

"Most people who have read about the Viking disaster," said Bill, "have no idea what those men must have gone through. It's hard to describe it to someone who doesn't know what the ice and cold can be like.

Bill was only a kid when he was a sealer. Since then he has been all sorts of places, but nothing like that, he says, not even the life of a collection man can be compared with that of the sealer. He's been in the merchant service and the United States Navy. And now he's collecting overdue accounts for New Orleans merchants. It's all in a lifetime, and what's the difference whether you're cracking seals over the head and they cry like a baby or collecting money from some baby that cries like a seal.

Sidelights on an Efficient Collection System for Deferred Payment Accounts

By C. J. MARTIN

"THE average American, or in other words, the average resident of this country, is the best judge of the extent and character of his obligations." So says Mr. Ittleson, an authority on financing of individuals and president of Commercial Investment Trust Company, New York City. On the assumption that this is not a thesis but a non-contestible conclusion arrived at by careful analysis we have a most reassuring protective background, or possibly it would be more properly described as a rock-bed foundation supporting the practice of installment selling which has become such a force in retailing during recent years.

The premise of installment selling was to place at the disposal of millions the means of attaining the comforts of better living conditions through possession of those articles essential to that higher plane of living or to assist in the acquisition of properties or services conducive to greater enjoyment of their rights and opportunities. From this proposition developed the ramified interests in the Commercial scheme of today which serve 86 per cent of our population under the general arrangement of deferred payment accounts.

In our short discussion now we intend to treat only of the collection phase of this very interesting subject and as a first consideration contributing to an efficient collection system I want to speak of the "policy" of the firm or finance organization regarding how, when and by whom credit arrangement is concluded. The thought I have particularly in mind is the importance of keeping this function within the proper department and free from unwarranted compromise. Occasionally it is possible to intrust trained salespeople with the office of completing the initial steps of credit arrangement, but usually it is most inadvisable to grant such authority, since salespeople in their capacity as vendors of tangible objects do not generally have the respect for, nor convey the impression, that the intangible obligation between store and customer created by credit is important. There is only one department fully qualified to handle the account arrangement, and to insure a proper beginning of credit relations the customer should be conducted to the credit department when merchandise selection has been completed.

In opening the interview there is the natural obligation on the credit manager to make the customer feel at ease, regardless of appearance, he is deserving of and entitled to a cordial welcome. It seems superfluous to remark that it is his patronage that pays the overhead and results in profit at the end of the year, but it is not a bad thought to keep in mind. In 95 per cent of the cases where deferred payment plans are used the purchase of the property or merchandise is an achievement long sought by the individual who applies for this credit, and it would be out of harmony in the circumstances for the credit manager to display only cursory interest. The remark, that resembles a pat-on-the-back of approbation, strikes a responsive note and carries conviction to the purchaser that it is an accomplishment and as an introductory this evidence on the part of the credit manager will insure willingness on the part of the purchaser to submit the information requested from him in the interview. This is the stage where a collection system can be more than 75 per cent efficient or where it can develop at least 50 per cent of its future occupation.

References requested should be as complete as the applicant can provide, and if several prior obligations are revealed it is merely sound judgment to frankly discuss the advisability of adding to this total indebtedness. Repossession rights have no practical value except in jewelry sales and possibly furs and the customer will be a better friend of the store if not overloaded —that is, if he is of the type described as "average resident of this country." When the credit information submitted is investigated and reflects a satisfactory financial condition and the account is to be accepted the customer should then be fully informed regarding his part in the agreement and the imperative necessity of his attention to payments stressed so that he can entertain no misunderstanding of the manner in which the account must operate.

If sufficient time is given to this educational feature when opening accounts the groundwork is laid for collection action in the cases that may later require it. The mechanics of a collection system need not be fully described, probably, in this discussion, but if attention is to be given at the right time to the very important follow-up of the terms outlined to the purchaser there must be a regular process within the credit department that assures a careful check-up of every account. Where payments are due every week the detail involved is voluminous, but there is no other recourse than to use a system, proof against the possibility of accounts becoming delinquent without realization by the credit department. It is general practice, I believe, to set the payment day as the one following pay day of the debtor if he is an industrial worker and similarly for other accounts the day following receipts of their compensation or salary. This is a logical choice and results in the advantage of claiming payment when there is every likelihood that funds exist. If an installment

is not paid on the day agreed upon, in the case of weekly arrangement, the customer should be notified on the following day that he must remit or the account rating will be adversely affected. If payment is not received within three days from the first notice, a second notice should be mailed emphasizing the fact that the account is in an unfavorable status and the situation must be corrected at once. Failure to pay or explain delay by next payment day demands a personal call. In the majority of credit departments handling deferred payments, however, the customer is allowed three to five days beyond the payment day before any communication is made regarding the lapsed payment and in consequence two installments are due before initial collection action is taken. Experience or possibly the clerical work involved has convinced credit managers who grant this period of grace that an immediate notice is not worth the effort for the net results obtained, but as a demonstration of the sincerity of the store's position with regard to fulfillment of the contract terms, an immediate notice impresses the customer with the fact that vigilance is exercised over his account and that there is no doubt but omissions will be promptly recorded and acted upon. The firm or finance company when first electing to collect in weekly installments, whether for sales promotion reasons or because this method seemed best adapted to the transactions involved, became committed to a system with some clerical disadvantages and if the stipulations regarding payment embodied in their contracts are to be considered serious requirements and not mere expressions the positions of the parties, mutually understood and accepted when the account was established, should not be sacrificed to the expediency of less clerical labor.

Monthly payment arrangements minimize most of the objectionable features of the weekly plan, but afford less opportunity for frequent contact with the customer. This latter phase, in itself, however, should not be the major factor in deciding preference for the weekly plan because the personal visit once a month of a good prospect for future sales should be sufficient opportunity to maintain desired trading relations. And when collection action is necessary, which is our chief consideration of the general subject in this part of today's program, the monthly set-up for accounts permits a conclusive disposition of the case before the succeeding installment becomes due. With a four-week interval between payments there is adequate time for mailing the notices of default and following up with personal call if these are ignored, to determine what has interfered with the regular attention. In correspondence and personal interview the tone of encouragement and cordiality that marked the opening of the account should be continued through the collection process even though insistence upon payment is necessarily the dominant note. Dignity does not depart from the transaction until the purchaser gives full evidence that his attitude has changed toward the obligation and that he is no longer deserving of friendly consideration. With less than 3 per cent of accounts reaching the last stages of collection a policy of persistent pleasantness certainly can be followed with every expectation of better results, and what is most important, retention of the good-will of the debtor.

So much for "proper" attitude and the standards upon which the use of installment credit can be safely based. Now, let us consider some realities developed from the abuses of installment credit, chiefly confined to retail establishments:

1. Competition in terms, meaning an almost total disregard of protection of profit through inadequate down payment, or too long a period for payment, or the not infrequent combination of both.

2. Lack of co-operation between firms in the matter of safeguarding accounts, meaning failure to subscribe to credit bureau service or report credit information, and opposition to a group organization within a bureau that would determine and obtain service for their particular credit needs.

3. Distrust, meaning that if proper standards and practices are followed trade will be driven to competitors.

4. Over-stimulation of sales, meaning loading the customer and taking the gamble of being able to collect before the other fellow.

These are the reasons behind the difficult collections of easy payments, and because of their evident disrepute, measured by ethical credit standards and practices, would have no part in this discourse were it not for the effect they have upon business generally. No community is without this type of installment credit operation apparently and although the class of purchasers who are so attracted are not the clientele of the firms extending credit upon sound principles, nevertheless observation discloses that the tendency of many of these latter firms towards granting more liberal terms has grown in the last few years. The influence of the "credit baiters" is felt, although we could not consider that such firms are "competitors" of the other group. Then we have also the impossibility of getting the accurate amount of indebtedness represented by installment accounts when credit bureau report is developed because of the lack of co-operation on the part of many firms in supplying this information. This is not a condition in keeping with the progress of retail credit supervision. Distrust of the installment houses between themselves can only lead to estrangement and this unfortunate drawback must be removed if there is to be acceptance and operation of a standardized credit policy. Some credit bureaus have been successful in dispelling this distrust to a great extent and are receiving reports from the firms in their localities, but these are exceptions, and a very small percentage. Over-stimulation of sales works the greatest injury possibly of all the abuses of installment selling and the correction of this evil lies of course within the power of each store addicted to the practice.

With the expansion of installment selling there is at this time and will be more imperatively in coming years the absolute necessity of a credit control that will be security for the large investment of capital in that business. If a balance between gross sales and gross collections

should not be maintained there will be disaster sooner or later that must affect the whole structure of commerce and industry in this country. But I wouldn't leave that possibility as my last thought or remark because I don't believe it will happen.

The "average resident" of this country will undoubtedly retain his position as the best judge of the extent and character of his obligations, and we can feel assured the number of installment accounts that may require collection attention will be steadily reduced as we improve our methods in handling the credit from its inception and continue to promote credit consciousness in our respective communities.

◆

Past year has demonstrated that defaults and repossessions do not increase excessively during period of sluggish business. Total sales retail on time payments estimated $6,000,000,000 yearly, of which $2,600,000,000 is outstanding.

On January 7, 1930, Glenn Griswold in the *Chicago Journal of Commerce* said, "If the business curve continues downward and if any serious business depression marks the first half of 1930, at least one salutary result will come out of the experience. We shall have a conclusive proof of the effect of bad business on partial payment financing and shall know something more about the economic relationship between partial payment merchandising and prosperity." In so saying, he was expressing the general opinion of writers on economic and business subjects. It turned out that not only the first half, but also, and in even greater measure, the second half of 1930 witnessed severe business depression.

Pessimists Disappointed

The ordeal having occurred, what happened to installment selling and its financing? The answer appears to be about the same as that given to Milan V. Ayres several years ago, when he asked an official of one of the largest and oldest installment furniture houses, "What happens to installment selling during a bad business depression?" His answer was, "Nothing."

Ratio to Retail Sales

The most generally accepted estimate of the volume of installment selling in this country is that total installment sales amount to about $6,000,000,000 per year, with average outstandings of about $2,600,000,000. This total grew to about $3,900,000,000 in 1929 and is now back to about where it was at the end of 1928, that is $2,600,000,000. The total volume of installment outstandings varied during the two years, including the boom of 1929 and the depression of 1930, by an amount not much in excess of $1,000,000,000.

It is fairly certain that the total annual volume of retail sales in this country is in excess of $50,000,000,000. It therefore follows that the variation in the volume of installment outstandings, during this period, has been in the neighborhood of 2 per cent of the annual volume of retail sales and that the total installment outstandings at the present time are in the neighborhood of 5 per cent of the retail sales volume.

Installment selling has gone through a boom and a depression. What conclusions may justly be drawn from that experience? First, a depression does not result in an excessive volume of defaults or repossessions and does not produce any appreciable amount of frozen credits in the installment field. Second, the soundness and liquidity of finance companies are not at all adversely affected by a depression and as a consequence finance company paper is an exceptionally desirable asset for banks during a depression period. Third, the volume of installment buying during a boom and during a depression varies in about the same proportion as the volume of all buying of the classes of goods which are commonly sold on installments. In other words, the volume of installment selling increases during a boom and decreases during a depression, but these changes are a result and not a cause. Fourth, the volume of installment outstandings varies only moderately and slowly and does not exhibit the violent movements that are characteristic of many of the common indexes of business during the oncoming of a depression period. Fifth, there is no evidence that installment selling is an important factor either in bringing on a depression or in bringing a depression to an end.

The Busiest of Men are the Men Who Usually Find Time to Serve Their Association

Carl H. Mueller, new president of the Texas State Association, has twice headed the Texas Shoe Retailers Association as its president, past-president of the Austin Chamber of Commerce and Austin Retail Merchants Association. He conducts a high grade business in Austin and his interests run from president of the Boy Scouts for his district to knowing Rotarians by the score, because he knows the value of time he will make his time as president valuable to the Texas State Association.

Champion Installment Buyer Jailed in England

Those family men who think they are accomplishing wonders by obtaining the piano, the radio, the ice-chest and the perambulator on the installment system have nothing on William C. Lee, 34-year-old salesman.

Brought up at Berkshire Quarter Sessions on a charge of obtaining credit by fraud at a Wokingham hotel, Lee was credited by the prosecution with having obtained seven hundred articles on the hire purchase system.

By means of forged agreements it was said Lee had obtained 201 cameras, 11 phonographs and 528 phonograph discs, the total value of the goods being more than $2,500.

Do 30-Day Customers Pay on Installments?

Comment from members of the Credit Bureau of Greater New York indicate that it isn't a possibility, but a fact.

Here is another letter received by Mr. Buckridge on the subject which states, "People who used to pay within ten days after receipt of statements now take anywhere from six months on and make small installments on account."

"We have a number of accounts owing about $1,000 on which we are receiving monthly installments between $50 and $200. In previous years we have never had such experience in collections."

Mr. Buckridge says: "Looks as if there never was a time before when it was more necessary to report slow accounts to the bureau and get reports on every new application as well as those customers who used to be good but are now slow or worse.

The Credit Bureau of Greater New York Asked Its Members, "What Were Your Losses in 1930?"

Many of the members were greatly interested in knowing how the stores in Greater New York fared in regard to credit losses in 1930 compared with 1929. One department store reported as follows: Regular accounts, 1930, .0031; 1929, .0021; lease accounts, 1930, .0214; 1929, .0226.

The clear mind . . . . in business . . is free of debt worries

THE man who hits his job in the morning with a vim that shows he likes it . . . clear eyed . . . mind on his business . . . succeeding . . . isn't worrying about bills.

Not necessarily lucky, that man. He isn't exempt from the financial misfortunes and emergencies that are liable to visit anyone.

He may have an unexpected assessment on his property, or doctor and hospital expenses to pay, or an unusually heavy accumulation of bills.

Yet he is smart enough to keep his brain and credit clear by paying on the dot, even if he must borrow to do it.

The laws of this state have helped to serve him and hundreds of thousands like him by fixing a maximum rate on small loans that is not only fair to him but that permits efficient family finance companies to operate at a reasonable profit.

He need pay even less than the rate stipulated by law, if he goes to Household, America's foremost family finance company.

It is a policy of Household to charge the lowest rate at which money can be "retailed" at a fair profit. At present its rate is almost a third less than that allowed by law on amounts above $100 and up to $300. It will continue to return to the public every added advantage of reduced operating costs accomplished through large volume and efficient management.

Its dealings are on the same dignified and fair basis as one may expect at any bank.

More, Household sincerely concerns itself with family financial problems. A booklet, *Money Management for Households*, helps to keep family heads clear of debt worries, thus insuring clearer minds in business.

Employers are invited to read this booklet and then ask for copies to distribute throughout their organization. All may have a copy by simply telephoning, writing, or calling.

HOUSEHOLD
FINANCE CORPORATION . . .
Headquarters: Palmolive Building, Chicago, Illinois
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Turn the dial to your NBC Station every Tuesday night at 8:00 Central Time and be a guest of the Household Celebrities, featuring America's foremost stars of the opera, concert, and stage, as well as leading thinkers in affairs of national importance.

Campaign aids employed and employer

Those who pay wages as well as those who receive them are benefited by the financing service described in this advertisement. By relieving wage earners from worry, such loan service enables them to do better work. This advertisement, appearing in newspapers of four and three quarter million circulation, is the second of a series that will be published throughout 1931 to further prosperity and bring about a better understanding of the economic importance of small loan financing.